# THE WABASH TRADE ROUTE IN THE DEVELOPMENT OF THE OLD NORTHWEST

SERIES XXI Nos. 1-2

JOHNS HOPKINS UNIVERSITY STUDIES
IN
HISTORICAL AND POLITICAL SCIENCE
(Edited 1882-1901 by H. B. ADAMS)

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# THE WABASH TRADE ROUTE IN THE DEVELOPMENT OF THE OLD NORTHWEST

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BALTIMORE
THE JOHNS HOPKINS PRESS
PUBLISHED MONTHLY
JANUARY-FEBRUARY, 1903

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The Lord Baltimore Press
THE FRIEDENWALD COMPANY
BALTIMORE, MD., U. S. A.

# CONTENTS

PAGE

PREFACE . . . . . 7

CHAPTER I.—EARLY HISTORY OF THE WABASH TRADE ROUTE . . 9

CHAPTER II.—THE WABASH AND ERIE CANAL . . . . . 32
The Origin and Federal Character . . . . . 32
Organization and Construction as an Interstate Enterprise . 45
As the Trunk Line of a General System of Internal Improvements . . . . . 50
Mismanagement and Collapse in the Panic of "1837" . . 57
The Butler Bill: Repudiation or Resumption . . . . . 63
The Administration of the Trust . . . . . 74

CHAPTER III.—INFLUENCE ON THE DEVELOPMENT OF THE OLD NORTHWEST . . . . . 89

## PREFACE

Artificial and natural waterways have exerted a definite influence in the history of the Old Northwest. They have promoted and directed the westward movement of population and made possible the development of its resources. The advantages which the waterways offered to commerce stimulated settlement along their shores. When supplemented by Indian trails and later by white men's turnpikes, these trade routes formed a network fairly covering the region. The measurement of this factor in the history of the Old Northwest has been the general object of this research, though as a contribution to the subject the present paper has been limited to an intensive study of one only of the main waterways.

During the period of French, British, and American occupation of the Northwest territory, the Wabash route was one of the natural waterways from the lakes to the Mississippi river. The principal links in this chain were Lake Erie, the Miami river, the Wabash river, with the portage connecting them, and the Ohio river. Later, after state governments had been established in this region, a canal known as the Wabash and Erie canal paralleled the earlier natural waterway from Lake Erie to the Ohio river. Such is, in brief, the scope of this inquiry.

Acknowledgments are due the many individuals who have so kindly given assistance; especially to Mr. W. E. Henry, state librarian of Indiana, for making so easy and pleasant the use of the valuable documentary materials in

the state library; to Col. R. S. Robertson, of Fort Wayne, for the use of his private collections, and for repeated assistance in other ways. Thanks are similarly due to Judge Howe and Rev. M. L. Hayne, both of Indianapolis; to Mr. Geo. A. Baker, secretary of the Northern Indiana Historical Society, and to Mr. Geo. S. Cottman, of the Indianapolis press. Very many letters of inquiry have been written to men connected in various ways with the earlier history of their respective communities and satisfactory replies have been uniformly received. It is pleasant to record the encouragement everywhere received while conducting this series of investigations. Dr. Vincent, Dr. Hollander, Dr. Willoughby, and Dr. Ballagh, of the Johns Hopkins University, have very kindly read this in whole or in part and have made many suggestions as to subject matter or method of treatment which have been adopted. Further acknowledgments will be found in the footnotes.

# THE WABASH TRADE ROUTE IN THE DEVELOPMENT OF THE OLD NORTHWEST

## CHAPTER I

### THE EARLY HISTORY OF THE WABASH TRADE ROUTE

One of the most evident facts in the history of the French in America is the influence exerted by various waterways in distributing and directing the course of their settlements. When France obtained control of the lower St. Lawrence, its possession of the entire basin and of the Mississippi valley was a logical sequence. With Quebec established, the empire of New France became inevitable. The great waterways led the hardy voyagers continually further inland, though the implacable hostility of the Iroquois Indians restricted them for a time to the more northern water routes.

The earliest expeditions from the French settlements on the St. Lawrence to the upper lakes followed the course of the Ottawa river rather than the upper St. Lawrence. Successive expeditions pushed the route farther west until under the leadership of such intrepid explorers as Jean Nicollet, Allouez, and Marquette there was developed about the middle of the seventeenth century what may be regarded as a westward highway for the French, continuous from the settlements on the lower St. Lawrence to the Mississippi valley.[1] The voyagers' canoes followed the Ottawa river

[1] Jean Nicollet probably reached the portage of the Wisconsin in 1634; Allouez penetrated to the same point in 1670; Marquette used

from Montreal, then by portage to Lake Nipissing, and to Georgian bay, an eastern arm of Lake Huron, and thence by the northern lakes to Green bay, the Fox, and by portage to the Wisconsin and Mississippi rivers. It was the most natural route because in every way it was the line of least resistance. It avoided the near approaches to the Iroquois Indian limits[2] and led directly to the numerous Indian haunts around the greater lakes. As the objective point for the westward expeditions was gradually moved farther south into the Mississippi basin, shorter routes across the territory, later known as the Old Northwest, were used. The Wisconsin portage soon yielded in point of frequency of use to those at the south end of Lake Michigan. The route up the Illinois river and by portage into the Chicago river and Lake Michigan was followed by Joliet and Marquette on their return from the discovery of the Mississippi.[3] A few years later La Salle followed the coast of Lake Michigan to the St. Joseph river and up that stream, thence by a portage to the Kankakee, and so again to the usual destination—points on the Illinois and the Mississippi.[4]

About this time, in the course of the evolution of new routes leading to the Mississippi, occurred the first use of the Wabash river by white explorers. This stream was occasionally reached in the earliest period by leaving Lake Michigan on the St. Joseph river and then by a short portage to the headwaters of a northern branch of

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the Fox-Wisconsin portage in his expedition to the Mississippi river in 1673. See Butterfield, History of Discovery of Northwest by John Nicollet, p. 68; Jesuit Relations, 1670, (Thwaite), p. 231; and ibid., 1673-7, p. 105.

[2] The Iroquois nations controlled the territory represented by western New York, western Pennsylvania and the whole of Ohio; or more loosely and perhaps in closer conformity to the facts in the case, that region to the south of the lower lakes.

[3] Jesuit Relations, 1673-7, p. 161; Cp. map of Franquelin, 1684, in Winsor, Narrative and Critical History, IV, pp. 224, 209; Shea, Mississippi Valley, p. xxxii.

[4] 1679; Shea, Mississippi Valley, p. xxxvi.

the Wabash, but the more important way to reach it was by the "Miami river of Lake Erie" and a short portage.[5] Of the five great portage routes,[6] this was the last one to come into general use by the whites. It proved to be the shortest route connecting the lower French posts on the Mississippi with those on the St. Lawrence and has been quite happily called the Indian Appian way.[7] It was a common highway for the various Indian tribes of the Northwest. The French routes were in almost all cases the watercourses, portage paths, or overland trails in earlier use by the Indians, who now became the guides. The portage from French creek to the Alleghany was used by La Salle, but its importance dates from a much later period, when it came to connect strategic points on the English frontier. In the race with the English for the occupation of the interior, the French gradually drew the cordon tighter. The paramount task for them was to keep in ready and rapid communication with one another and with outlying posts their two commercial and political centers, Quebec and New Orleans.

The discovery of a portage connecting two rivers leading into new regions was always a most valuable discovery for the French. Such a chain of rivers was to them a ready-made road, opening at once all the adjacent territories without the difficulties of overland trails. It is, however, alto-

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[5] "The Miami river of Lake Erie" was later known as the Maumee river.

[6] Winsor, Narrative and Critical History, IV, p. 224, gives the following:

(a) Green Bay, Lake Winnebago and Fox river to the Wisconsin river and to the Mississippi.

(b) From the upper end of Lake Michigan, the Chicago river, and a short portage to the Des Plaines and Illinois rivers.

(c) The St. Joseph of Lake Michigan, a portage to the Kankakee and so to the Illinois river again.

(d) The St. Joseph river to the Wabash by a longer portage and then down to the Ohio and Mississippi.

(e) The Miami of Lake Erie, a portage to the Wabash and down as above.

[7] John Reynolds, Sketches of the country on the Northern route, p. 151.

gether probable that the question of the first use of the Wabash trade route will have to remain unsolved. There is the barest possibility that Sanson indicates a knowledge of the Maumee and Wabash rivers with the connecting portage in his map of Canada, 1657.[8] Probably more than one unnamed traveler launched his boat on these streams but it remained for La Salle and Allouez to give to the French a permanent interest in this route. The former pointed out its trade value and the latter added an interest in the missions to the Miamis tribes. But here again it is a difficult problem to determine the source of the knowledge of these two fearless explorers.

Many have tried to trace La Salle's voyage of 1670 by the Wabash river.[9] Joliet's map of 1674,[10] which locates La Salle's route by way of Lake Erie and the Wabash, has been used in support of this contention. But the route laid down is clearly a later interpolation and adds nothing directly to the argument. It is, however, most significant that within a few years La Salle had become in some manner fully aware of this Wabash route and the advantages it offered. During the years that he was in command at Ft. Frontenac, he appears to have been evolving great schemes for appeasing the Iroquois and for opening up an easy channel of trade to the Mississippi valley by the Maumee and Wabash;[11] but by 1682 he seems to have temporarily abandoned this plan, "because," he says, "I could no longer go to the Illinois but by the Lakes Huron and Illinois, as the other routes which I have discovered by

[8] R. S. Robertson, American Antiquarian, Vol. II, p. 123. A reduced copy of this map is found in ibid., Vol. I, p. 233.

[9] Parkman, who is generally followed now on this question, holds that La Salle's expedition was by the Alleghany portage to the Ohio river. Shea's Translation of Charlevoix [History of New France, Vol. III, p. 198], accepting the same view, places the date, however, as 1671. For an excellent discussion of other theories, see Justin Winsor, Cartier to Frontenac, p. 224.

[10] Justin Winsor, Narrative and Critical History, Vol. IV, pp. 212-3.

[11] Winsor, Cartier to Frontenac, p. 256.

the head of Lake Erie and by the southern coast of the same, have become too dangerous by frequent encounters with the Iroquois who are always on that shore." [12]

La Salle's description of the territory between Lake Erie and Lake Michigan indicates a familiarity with this region scarcely possible save from personal observation. In a letter written November 9, 1680, he says, "There is at the end of Lake Erie ten leagues below the strait a river by which we could shorten the route to the Illinois very much. It is navigable to canoes to within two leagues of the route now in use." [13] These facts make La Salle the explorer of the regions represented by our study. The question as to whether his knowledge began with the expedition of 1670, or whether, at that time, he merely skirted the territory on the south, entering the Ohio river farther to the east, and gained his information of the Wabash country while returning to the St. Lawrence from a later expedition, remains unsettled, though the latter view seems to me altogether the more probable. However, in either case, the French claim to these lands in so far as based on explorations is traceable to him, and his representations were the first to direct the attention of the French to the regions south and west of Lake Erie.[14]

The claim that Allouez as a missionary to the Miamis at this time, 1680, must necessarily have visited these regions seems to be based on a misconception of the situation of the Miamis tribes which were then located near Lake Michigan and southward therefrom.[15] No evidence has been found to show that Allouez ever penetrated the regions southeast beyond the immediate environs of Lake Michigan, yet there is a strong likelihood that he did. The Miami Indians mi-

[12] Margry, Découvertes des français dans L'Amerique Septentrionale, Vol. II, p. 296. Subsequently cited under author only.
[13] Ibid., Vol. II, p. 98.
[14] Margry, Vol. I, pp. 377-8; N. Y. Col. Docs. Vol. X, pp. 243, 293, 383; Fiske, The Discovery of America, Vol. II, p. 534.
[15] Jesuit Relations, Vol. XLIV, pp. 247, 324; Vol. LXIX, p. 300; Charlevoix, p. 186; N. Y. Col. Docs., Vol. IX, pp. 890-1.

grated soon after this date to the headwaters of the Wabash river and the French mission followed them, and this mission became the cause of many expeditions to the Wabash country.

The very erroneous conceptions of the course and location of the various tributaries of Lake Erie and the Ohio river, prevailing for more than a half century following, is evidence beyond question that any explorations in that direction in the seventeenth century were of a hasty and desultory character. The northern streams and upper lakes are accurately drawn on the early French maps long before a similar accuracy appears in the south.[16] Franquelin's map of 1682 places the Wabash river as a stream running due west of its course, forming a confluence with the Illinois river.[17] This and Colvert's map [18] confuse the Wabash and Ohio rivers, making only one stream to drain from east to west the territory now comprised in the states of Ohio and Indiana. Hennepin's map of 1683 [19] makes Lake Erie to extend oblong north and south rather than east and west as far as the parallel of the mouth of the Ohio. Thus it covers the entire states of Ohio and Kentucky. Nor does the same author alter this in his map of 1697.[20]

A much greater degree of accuracy as to the Wabash and Ohio rivers and Lake Erie is attained in Franquelin's map of 1684.[21] His map of 1688 is one of the earliest showing the portage by way of the "River des Miamis of Lake Michigan"[22] and the Wabash river. The "Coronelli et Tellemon" map also shows that this portage from Lake Michigan was known. None of the cartographers indi-

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[16] B. A. Hinsdale, The Old Northwest, p. 28.
[17] Winsor, Narrative and Critical History, Vol. IV, p. 227.
[18] Winsor, The Mississippi Basin, p. 28.
[19] Winsor, Narrative and Critical History, Vol. IV, p. 249.
[20] Ibid., IV, p. 253.
[21] Ibid. Vol. IV, p. 228. Cp. D'Anville's map of La Salle's explorations of about same date, reproduction in Andreas, A. T., History of Chicago, pp. 58-9, Chicago, 1884.
[22] Later called the St. Joseph river.

cates a knowledge on the part of the author of any Lake Erie portage until well into the eighteenth century.[23]

French colonization was slow. The trader opposed agricultural settlements because they destroyed his trade; the Jesuit was often hostile to them because they destroyed his mission fields. The French posts were generally little more than military garrisons. But slowly and deliberately during the closing years of the seventeenth century and the first half of the eighteenth, the French line of control was drawn closer to the English frontiers. The plundering expeditions of the Iroquois to the south of Lake Erie were the most serious check on this process of eastward expansion. The Erie Indians, inhabiting the region of the Ohio and Indiana portages, were wholly destroyed by the Iroquois shortly before the discovery of the Mississippi by the French,[24] and these hostile tribes took possession of Lake Erie and its southern environs. For the remainder of the seventeenth century the weak hold of the French on the interior offered little opposition to Indian raids. The Iroquois practically controlled these lands and the French made little use of the waterways leading from Lake Erie to the south and west.[25]

A series of events at the beginning of the eighteenth century completely changed the course of French history in the West. Differences between the Fox Indians, located to the west of Lake Michigan, and the French alienated the

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[23] Winsor, Narrative and Critical History, IV, pp. 230-232.

[24] "The Eries were extirpated by the Iroquois above a century past, from which time they have been in possession of Lake Erie." This legend is found on a map in Bowen and Gibson, "North America," London, 1763. Cp. Charlevoix, History of New France, Vol. I, p. 226; Jesuit Relations, 1654, p. 9; ibid., 1660, p. 7; Force in the Historical and Philosophical Society of Ohio Publications fixes the date at 1656.

[25] The Iroquois devastations of about 1667 extended west to the Illinois. Charlevoix, History of New France, Vol. III, pp. 107, 205; Winsor, Narrative and Critical History, IV, p. 225; ibid. for La Houtan's map, p. 258; Mag. West. History, I, p. 41; Western Reserve Hist. Tracts, No. 40; J. H. Perkins, Memoirs and Writings, Vol. II, p. 186.

former completely. For nearly half a century this hostility effectually checked the growth of French trade and occupation in the Wisconsin regions. The result was to impel the French to strengthen a more direct connection with the Mississippi settlements than by the Wisconsin and Lake Michigan, to secure more fully the less remote posts, and to foster trade in this direction. A change of policy was at once resorted to. The French along Green bay and in the other posts west of Lake Michigan were recalled and nearer posts were strengthened.[26]

Cadillac wrote to Count Pontchartrain at this time: "The forces of the French are too much scattered; they live too far apart. It is absolutely necessary to draw them together."[27] And at this opportune moment Cadillac presented his plan for a settlement on the strait connecting Lake Erie with Lake Huron. Cadillac argued further in an interview with Count Pontchartrain the importance of attracting the friendly Indians around such a French post and building up a bulwark against the advances of the Iroquois, with the further purpose of cutting off their western fur trade and ultimately of conquering them. In addition, he argued the need of anticipating the encroachments of the English in these regions.[28] Cadillac's plan met with a favorable reception in France; Fort Pontchartrain, the Detroit post, was founded in 1701, and the key to a new course for French expansion was established.

Another event of importance to the success of Cadillac's scheme was the migration of the Miamis Indians eastward from the head of Lake Michigan to the headwaters of the Maumee and Wabash rivers. This movement seems to have been a gradual migration of the various tribes composing this confederacy towards those hunting grounds so long abandoned as a consequence of the

[26] Turner, The Fur Trade of Wisconsin, pp. 35-36.
[27] Sheldon, E. M., Early History of Michigan, p. 85, New York, 1856. Almost entirely made up of translations of documents.
[28] Ibid. p. 85; Margry, Vol. V, pp. 135-250, especially p. 195.

Iroquois wars and raids. The hostility of the Wisconsin Indians, the advantages of the French trade, and the value of the new regions were factors almost equally strong forcing this change. By 1712 the Miamis Indians had taken possession of the entire upper Wabash valley,[20] and gradually spread over the country eastward from that as far as the Big Miami river in Ohio.[20] Other tribes settled farther east: the Wyandots migrated there about 1701; the Shawnee in 1740; the Delawares in 1749 or 1750. Altogether about 12,000 Indians were located in Ohio and Indiana by 1750. These tribes were generally friendly to the French and continued to be an effectual barrier to the Iroquois raids.[21] The value of their trade and their aid promoted the growth of a line of forts on the Wabash leading to the lower Mississippi posts.[22]

The idea of a line of forts connecting Canada with the West and South became a favorite scheme of the French government at an early day. La Salle's correspondence with the ministers of Louis XIV contains a suggestion for such a policy.[23] The fear of English participation in a valuable fur trade and the enterprise of French merchants

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[20] The gradual migration of the Miamis Indians eastward from the Mississippi, across southern Wisconsin and northern Illinois, around the head of Lake Michigan and their settlement around Detroit, and on the Wabash, Maumee, and Miami rivers can be readily traced from the writings of French officers, missionaries, and travelers.

[20] Jesuit Relations, LXIX, pp. 299-300, N. Y. Col. Doc., Vol. IX, pp. 885-892; The Fergus Historical Collection, No. 27, p. 107; Wisconsin Historical Collection, Vol. VII, pp. 123-187; Journal of Captain Trent, p. 15.

[21] The fighting force of the Miamis Indians numbered at this time not far from 1400 warriors. The estimate of 8000 men made in the Jesuit Relations, Vol. XLIV, pp. 247, 324, is undoubtedly a gross exaggeration. See Hutchins, Topographical Description, p. 66, London, 1778; N. Y. Col. Docs. Vol. IX, p. 891.

[22] Journal of Captain Trent, p. 13; Albach, Annals of the West, p. 80; Ind. Hist. Soc. Pub., Vol. I, No. 4, pp. 132-3; Fergus, Historical Collection, No. 27, p. 107; Winsor, Narrative and Critical History, Vol. IV, p. 212, (map).

[23] Old Fort Chartres, p. 23, No. 12 of Fergus Hist. Collection, Chicago, 1881.

had far more to do with the establishment of these posts than any far sighted imperial policy, but back of every individual adventure, nevertheless, stood the French government desiring to build up a New France in the wilderness beyond the mountains and thus anticipate any westward ambitions of its inveterate rivals, the English. There was a clear cut policy of France for colonial expansion that became evident in its dealings with America as early as 1690. Mercantile adventurers took the first steps in winning the valleys of the Northwest for the French, but the French government was always ready to reap the fruits of individual enterprise.

The early records repeatedly show that the French by increasing the number of posts were struggling for new markets.[84] "To maintain the trade in beaver skins" was the avowed object.[85] The directors of the Company of the Colony of Canada, having a monopoly of the fur trade at Fort Frontenac and Detroit, represented that the burdens imposed upon them for this privilege were too heavy and asked, as a partial remedy, for an extension of their monopoly by the establishment of more trading posts. One among the Miamis, and another at the mouth of the Ohio were among those urged.[86] Such motives prevailed. Kaskaskia had been settled in the last century, and, under this new impetus given to the planting of trading posts, the mouth of the Ohio was selected as a suitable point.[87] This site was not well chosen; it proved to be an unhealthful location and was abandoned in its second year.

The chief village of the Miamis became one of the earliest posts in the line to the southwest of Detroit on the

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[84] Margry, Vol. V, pp. 175, 195, 227, 353, 356-360; Vol. VI, p. 658.
[85] Ibid., Vol. V, p. 356.
[86] Letters of Directors, Nov. 10, 1701, Margry, Vol. V, pp. 175-180, 360-367.
[87] This was called Fort St. Vincent, but it is not to be confused with the later post on the Wabash known as Vincennes. Fort St. Vincent was founded in 1702, abandoned in 1704. Dunn, Indiana p. 39; Craig, Ouiatanon, pp. 331-2.

Wabash route. It was, in fact, an outpost of the Detroit colony. No garrison seems to have been stationed there nor did it ever attain, under the French occupation, a greater degree of dignity than to be an Indian trading post and the chief village of an Indian confederacy.[38] In 1719 or 1720 another post was established farther down the Wabash in the midst of the Ouiatanon Indians. This was a military post established by Sieur Dubuisson with a garrison from Canada.[39] Some years later while Sieur de Vincennes was in command at Ouiatanon that garrison with the district below was placed within the limits of Louisiana, and Sieur de Vincennes was ordered to establish a fort lower down on the Wabash, and "Au Post," or "The Post," not known until after 1752 as Vincennes, was founded in 1727.[40] Other posts established during these years completed the chain of forts connecting Canada with Louisiana. Fort Chartres in 1720 and Fort Niagara in 1726 were among the more important.[41]

Wherever there existed a group of Indian villages, such a point determined the location of a French garrison or trading post.[42] Where, on the other hand, no important Indian villages previously existed to make the trade immediately remunerative, but where the strategic importance of a place itself made it necessary to plant a fort as at Detroit, one of the earliest concerns of the colonial policy of the French was to attract Indian tribes to take up their residence in the immediate vicinity.[43] This policy offers a

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[38] Fort Wayne was established at this point by the military forces of the United States.

[39] N. Y. Col. Docs. Vol. IX, p. 894; Craig, Ouiatanon, Ind. Hist. Pub. Vol. II, p. 329.

[40] Mag. of Am. Hist., Vol. XXI, p. 392, and XXII, pp. 146-7; Craig, Ouiatanon, p. 331.

[41] Cohokia, St. Philip, Prairie du Rocher, and St. Genevieve were smaller posts in Illinois established at this period. Monette, Valley of the Mississippi, Vol. I, pp. 166, 167.

[42] N. Y. Col. Docs., Vol. IX, p. 891.

[43] Margry, Vol. V, Letter of Cadillac, Aug. 31, 1703; Sheldon, History of Michigan, pp. 102, 150; Burton, Detroit under Cadillac, p. 14, Detroit, 1896.

striking contrast to the English method of displacing and removing to the most remote places possible such tribes as came in their way. Presents of goods and brandy were used by the French to draw the Indians to their posts [44] and numerous bands gathered around Detroit.[45] The influence of this policy was clearly to lower the character of the French colonists. Brought in close contact with the Indians, accustomed to their shiftless life, associating with them almost on an equality, the French early yielded to their vices and excesses.

Cadillac founded Detroit as a private mercantile adventure, but before the fort was completed the Company of the Colony of Canada obtained a monopoly of the trade.[46] This company paid heavy duties in France for its exclusive rights, while individual traders in Canada were restrained from selling to any but the company's agents.[47] In Detroit Cadillac regained for himself as commandant of the post the monopoly of trade in 1705.[48] From this time on the trade rights rested exclusively with the commandant who, in turn, frequently regranted these special privileges to individuals or companies.[49]

It was the policy of the French government to make such posts in the west self-supporting.[50] Similar efforts

[44] Many cases are given by Cadillac in his defense before Count Pontchartrain. Sheldon, Michigan, pp. 190-5.

[45] The Hurons settled near Detroit numbered 100 men; the Poutouatamies 180; the Outaouaes about 100 men; other tribes as the Oppenagos and the Miamis were represented. Cp. N. Y. Col. Docs. IX, 888; Sheldon, Michigan, pp. 190-5; Burton, Detroit under Cadillac, p. 14.

[46] Margry, Vol. V, pp. 135-250, 301-336, 360-367; N. Y. Col. Docs., Vol. V, p. 733; Mag. West. Hist., Vol. V, p. 66; Burton, Detroit under Cadillac, pp. 17-20; Farmer, Detroit, Vol. I, p. 765.

[47] N. Y. Col. Docs., Vol. V, p. 733; Sheldon, Michigan, pp. 93-98, 157; Mag. West. Hist., Vol. V, p. 66.

[48] Sheldon, Michigan, pp. 138-9; Burton, Detroit under Cadillac, p. 16.

[49] The Cass MSS. in Wis. Hist. Col., Vol. III, pp. 169-179; Sheldon, Michigan, p. 150; N. Y. Col. Docs., Vol. IX, p. 742.

[50] The Cass MSS., p. 167; N. Y. Col. Docs., Vol. V, p. 727; Sheldon, Michigan, p. 150; Burton, Detroit under Cadillac, pp. 7-8; and Turner, The Wisconsin Fur Trade, p. 31.

were made, not without success, to make the profits of the fur trade support even the minor exploring expeditions.[51] At Detroit the commandant was charged with the maintenance of the officers and soldiers of the fort together with the expense of an almoner, the surgeon and the medicine necessary to the sick, the transportation of provisions and clothing for officers and men, presents for Indians, a missionary, blacksmith and armorer. The equipment and clothing only were paid for by the government of France.[52]

The commandant's monopoly did not extend to "the little ordinary trade" with the Indians, to the exchange of such commodities as one might produce on his own land.[53] Only the commandant or those having licenses from him [54] could import merchandise for the Indian trade. The place of this trade in the royal economic policy toward the posts was set forth in the following declaration: "The Governor and other officers have but a scanty allowance from the King and could not subsist were it not by the perquisites they have from this trade. Neither could their priests find any means to satisfy their ambition and luxury without it. So that all heads and hands are employed to advance it (fur trade)." [55]

At the other posts of the French in Louisiana and New France a similar policy of merchant-company and commandant trade monopolies was pursued—at Vincennes, Ouiatanon, Kaskaskia, and elsewhere.[56] The effect of this policy of the French was harmful to the prosperity of the various settlements. Volney, a French traveler, visiting

[51] Margry, Vol. I, pp. 293-6; Vol. V, pp. 503-7; N. Y. Col. Docs., Vol. IX, p. 167; American State Papers, Vol. VI, p. 65.

[52] Cass MSS., Wis. Hist. Col., Vol. III, p. 167.

[53] Ibid., pp. 168-179.

[54] Traders paid from 400 to 500 livres per year for this privilege. Beckwith, Notes on the Northwest, p. 215. Henry, Travels and Adventures in Canada, 1760-1776, p. 173. Cass MSS., Wis. Hist. Col., Vol. III, pp. 168-179; Burton, Detroit under Cadillac, p. 8.

[55] N. Y. Col. Docs., Vol. V, p. 727.

[56] Jesuit Relations, Vol. LV, pp. 320-1; LXV, pp. 213-215, 225-9, 233, 237, 243-5, 272; Fraser's Report, Ind. Hist. Soc., Vol. II, p. 413; Monette, Valley of the Mississippi, Vol. I, pp. 162, 195, 238-9.

these posts in 1796 when the fruits of the French system were most apparent, wrote: "The nature of the government in some measure contributed to this; for at first when French and afterward when Spanish,[87] being purely military, the commanding officer is an aga or bashaw, who gives, sells, or takes away at pleasure, privileges of importation, exportation, purchase and monopoly of goods; so that there is no liberty of trade, or enjoyment of property and to enrich two or three families the rest of the inhabitants are rendered poor and destitute." [88]

The missions of the Northwest engaged alike in the fur trade, contributing in part to their self-support; and, in general, adopted the same business policy as the commandants had, letting for annual rentals the mission lands, and granting licenses for the exclusive rights of the mission forge or the mission store.[89] At the various military posts the church was virtually the property of the commandant, dependent entirely upon him for support. While the Company of the Colony of Canada held the monopoly of trade it supported the missionaries at its posts, paying each one 800 francs per year, with clothing and transportation.[90]

The posts of the Wabash country grew slowly in population. Ouiatanon never became more than a trading post and a fort for a military garrison. No land grants were made as at the other posts,[91] and there was lacking, in con-

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[87] Volney is speaking of the Illinois settlements as well as Vincennes.

[88] Volney, Works, p. 371.

[89] Jesuit Relations, Vol. LXIX, pp. 241, 261, 267, 305; LXX, pp. 31-33; Margry, Vol. II, p. 251; N. Y. Col. Doc., Vol. V, p. 727; Turner, The Fur Trade in Wisconsin, p. 29; Parkman, The Old Regime in Canada, p. 328 ff.

[90] Cass MSS., Wis. Hist. Col., Vol. III, p. 167; Letter of Cadillac, Sheldon, Michigan, p. 102.

[91] In connection with this subject the terms of land grants at Detroit have considerable interest: "The grantee was bound to pay a rent of fifteen livres a year in peltries to the Crown forever; to assist in planting a May-pole, on each May-day, before the door of the Mansion House. He was forbidden to buy or sell articles of merchandise carried to or from Montreal, through servants, clerks or foreigners; to work at the business of a blacksmith; to sell

sequence, the permanence which is only possible where some system of land holding prevails.[82] George Croghan reported fourteen French families there in 1765.[83] At Miamis, the same authority reported nine or ten French houses and at Vincennes eighty or ninety families, while thirteen years later Hutchins found sixty houses. The two reports indicate probably no change in the population of the village for the two dates.[84] Hutchins described Detroit as "two long extended villages. The inhabitants, who are mostly French, are about 2000 in number; 500 of whom are as good marksmen and as well accustomed to the woods as the Indian natives themselves."[85]

It is always difficult to determine the exact population in a French post at any given time because of the constant going and coming of the trading expeditions. Colonists sent to these settlements soon grew discontented and set off for more remote points.[86] In 1708 of the sixty-three French settlers at Detroit only twenty-nine had taken lands, while thirty-four were traders. Nor does the proportion seem to have changed much later or at other posts.[87] Mechanics were seldom met in these frontier posts.[88] Agri-

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brandy to the Indians, or to mortgage the land without the consent of the government. The Crown reserved all minerals and timber for military purposes. The grantor reserved the right of hunting rabbits, partridges, and pheasants. All the grain raised was to be ground at the manor wind-mill, where toll was to be given, according to the custom of Paris. On every sale of land a tax was levied, and the government reserved the right to take precedence of any buyer, at the price offered." Michigan Pioneer Collections, Vol. I, p. 352.

[82] Ouiatanon had no garrison after Pontiac's war and was practically abandoned. Craig, Ouiatanon, Ind. Hist. Soc. Vol. II, p. 334.

[83] Journal of Geo. Croghan, Western Annals, p. 102.

[84] Cp. Bonnecamp's Relation where he states that in 1749, he found at Miamis 22 Frenchmen in 8 huts which "only the desire of making money could make endurable." Jesuit Relations, Vol. LXIX, p. 189, Vol. LXX, p. 235; Hutchins, Topographical Description, pp. 28-29.

[85] Hutchins, Topographical Description, pp. 28-29.

[86] Jesuit Relations, Vol. LXIX, p. 193.

[87] Sheldon, Michigan, p. 282. Monette, Valley of the Mississippi, Vol. I, p. 192.

[88] As an illustration of restrictions on mechanical pursuits: M.

culture or the fur trade supplied the colonists with their means of livelihood. The Illinois and Wabash posts were favorably situated for agriculture and considerable advance was made in this particular. Hutchins describing the settlement at Vincennes says: "They raise Indian corn, wheat, and tobacco of an extraordinary good quality—superior, it is said, to that produced in Virginia. They have a fine breed of horses (brought originally by the Indians from the Spanish settlements on the western side of the River Mississippi), and large flocks of Swine and Black Cattle. . . . Apples, Peaches, Pears, Cherrys, Currants, Gooseberrys, Melons, etc. thrive well, both here, and in the country bordering on the River Ohio."[69] The same authority described the other posts of this region. His view of Detroit shows some attention to agriculture there. "For eight miles below and the same distance above Fort Detroit, on both sides of the river, the country is divided into regular and well cultivated plantations. . . . . They raise large flocks of black cattle and great quantities of corn, which they grind by wind-mills, and manufacture into excellent flour."[70]

From the Wabash settlements, 600 barrels of flour were shipped to New Orleans in 1746.[71] Salt, beef, tallow, tar, fur, bear's grease, flour, and pork were regularly sent to New Orleans from the Wabash and Illinois settlements together.[72] But as in all French posts trade in agricultural products was very little encouraged.

The posts were built to promote the fur trade and to that industry the activities of the colonists were mainly limited.

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Parent complained that he was required to pay 600 francs, 2 hogsheads of ale, and agree to shoe all of Cadillac's horses for the privilege of engaging in the business of blacksmithing. Jesuit Relations, Vol. LXIX, pp. 241, 267; Vol. LXX, p. 33.

[69] Hutchins, Topographical Description, pp. 28-29.

[70] Ibid. pp. 49-50.

[71] Martin, Louisiana, Vol. I, p. 316; Monette, History of the Mississippi Valley, Vol. I, p. 166; Mag. Am. Hist. Vol. XXI, p. 394.

[72] Jesuit Relations, Vol. LXIX, p. 213; Monette, History of the Mississippi Valley, Vol. I, p. 221.

"The chief trade of Detroit consists in barter of coarse European goods with the natives for furs, deer skins, tallow, etc."[73] A well known contemporary writer says: "Around Detroit was one of the richest regions exploited by the fur traders." Another traveler wrote at Vincennes in 1765: "The great plenty of furs taken in this country induced the French to establish this post. . . . and by a very advantageous trade they have been richly recompensed for their labor."[74]

No effort was made to keep any account of the value of the fur trade carried on at the various posts and consequently any attempt to measure this is dependent wholly on occasional chance references. At Detroit 30,000 beaver were killed in the three years, 1701-4,[75] while out of the Wabash valley 20,000 skins were said to have been shipped in 1702. Three years later 15,000 hides and skins were sent out of the same region to one point, Mobile.[76] Thomas Hutchins estimated, in 1778, the annual output from Ouiatanon at £8000, and at Vincennes at £5000.[77] There is no doubt that, in most places, the French enjoyed a large fur trade,[78] and that there were enormous profits to the trader,[79] but the shiftless, dissolute habits of the traders and the demands on the commandants for presents to appease the Indians and the other requirements together with the corruption prevailing in official life from the lowest to the highest prevented the colonists generally from acquiring

[73] Hutchins, Topographical Description, pp. 49-50.

[74] Croghan's Journal in "Western Annals," p. 103.

[75] And this was at a time when every effort was being made to decrease the quantity of beaver furs taken and to increase that of other furs. The beaver market was regarded as over-stocked. Sheldon, Michigan, pp. 115, 152.

[76] Monette, History of the Mississippi Valley, Vol. I, p. 162; Mag. Am. Hist., Vol. XXI, p. 393.

[77] Hutchins, Top. Des., p. 29 ff.; Ind. Hist. Soc., Vol. II, p. 338.

[78] N. Y. Col. Docs., Vol. VII, p. 787; Vol. IX, pp. 152-160, 662, 954-8. Captain Rogers found in the store at Detroit, in 1760, $500,000 worth of furs. Farmer, Detroit, Vol. I, p. 767.

[79] Cadillac offered 10,000 livres for the exclusive right to the fur trade at Detroit as early as 1703. Farmer, Detroit, Vol. I, p. 765; Mag. West. Hist., Vol. V, p. 68.

permanent wealth and in many cases even ruined the participants.[80] The life of the trader was one of strenuous activity for a short period followed by ruinous debauchery at the end of the season.[81]

The interior trade of the French found an outlet for exportation either at New Orleans or at Montreal. The trade of the upper Wabash posts[82] and Detroit went to Montreal either by way of Lake Erie and the St. Lawrence or by Lake Huron and the Ottawa river route.[83] Until the founding of Fort Niagara, 1726, it is quite certain the northern route was almost exclusively used.[84] But after that the two divided the traffic, with the lighter canoes following the northern route to avoid the uncertain waters of Lake Erie,[85] while the heavier followed its northern coast. The remainder of the lake-coast line was left comparatively unexplored until the expulsion of the French. A map by Charlevoix, as late as 1744, bears on the southern side of the lake the words, "This shore is almost unknown"; nor were the geographers of 1755 more accurate as to these waters.[86]

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[80] Compare the failure of Crozat's monopoly. Monette, Vol. I, pp. 238-9. Jesuit Relations, Vol. LXIX, p. 189 ff.; N. Y. Col. Docs., Vol. V, p. 733; Sheldon, Michigan, pp. 150, 190-5, 316; Hinsdale, Old Northwest, p. 49.

[81] Jesuit Relations, LXIX, 193; N. Y. Col. Docs., IX, 154; Volney, Works, p. 374.

[82] In 1748 a treaty of peace between the English and the Miamis made this a safer highway for the English traders than for the French, but only five years later the French were able to reestablish themselves on friendly terms with the Indians and came again into active control of the region. The Indians made the portage a considerable source of profit to themselves by supplying traders with carts, pack-horses and a corps of Indians to assist in carrying canoes, furs, and merchandise around the portage, charging a commission for the service. Winsor, Mississippi Basin, pp. 243, 294; Journal of Capt. William Trent, p. 36; and Am. State Papers on Indians, Vol. I, pp. 576, 578.

[83] Jesuit Relations, LXIX, 253, 261, 305; LXX, 49; N. Y. Col. Docs., X, p. 183.

[84] Mag. West. Hist., Vol. V, p. 64; Turner, The Wis. Fur Trade, p. 21.

[85] Cadillac used the Ottawa route in going to Detroit, 1701, while Tonty went by the lakes in 1717. Mag. West. Hist., V, 64; Sheldon, Michigan, pp. 278, 316.

[86] Hinsdale, The Old Northwest, p. 28.

The relation between Detroit and Montreal as important trading centers is clearly stated in the following quotation: "The convoy was the great event of the year in colonial life at Detroit. It was the annual shipment from Montreal of the year's supplies, of the government's stores and money, and of the consignments of the factors and merchants at Montreal, Three Rivers, and Quebec to their correspondents at Detroit. . . . It was a fleet of trading canoes and batteaux with armed protection, and arrived during the month of September." [87]

The lower Wabash and Illinois settlements looked to New Orleans for their market.[88] Volney, visiting these places toward the close of the eighteenth century, wrote of life at Vincennes: "All their time, too, is wasted in prating, endless stories, insignificant adventures and journies to *town* to see their friends. That is to New Orleans, nearly five hundred leagues down the river. At Fort Vincent, they say of a man going to New Orleans, 'he is going to town,' as if they lived in one of its suburbs." [89]

When a journey was to be made from Montreal or Detroit to Kaskaskia or New Orleans, the traveler found his safest and easiest course by Miamis, Ouiatanon, and Vincennes.[90] From the latter point to Kaskaskia, two courses were available to him, both in use, one by the rivers and the other an Indian trail across over-land.[91] As early as 1699 De Iberville conducted a colony of Canadians from Quebec to Louisiana by way of the Maumee and the Wabash. Other colonists followed under the leadership of M. du Tessenet.[92] The French colonists of Canada dissatisfied with the rigorous climate of New France, seeking the more

[87] Jesuit Relations, Vol. LXX, p. 306 (note).
[88] Fraser's Report, Ind. Hist. Soc., II, 412; Mag. Am. Hist., XXI, 394; Monette I, 162.
[89] Volney, Works, p. 374.
[90] Documents Relating to the Settlements on the Wabash, Ind. Hist. Soc., Vol. II, p. 435.
[91] Ibid., Vol. II, p. 435.
[92] Memoir de la Marine et des Colonies, Beckwith, Notes on the Northwest, p. 97.

genial lands of Louisiana, made this their route. There was another route commonly in use by the French during the eighteenth century from Montreal by the Ottawa river, Post Michilimacinac, Lake Michigan, and the Illinois river. It is scarcely safe to make definite assertions concerning the relative importance of these two routes but, in general, it would seem that the Illinois route was the more important until the founding of the lower Wabash posts (1719-27), when the Wabash route took the first place. The trader and the missionary, the colonist and the traveler alike used it,[83] but it was the fur trader who made it historic.

The French and Indian war which broke out in 1754 was the culmination of a century of continual rivalry between France and England for the control of the Indian fur trade. These rivalries kept the border colonies in a constant foment.[84] The movement of the French up the St. Lawrence, by the upper lakes and into the Northwest simply lengthened the line of conflicting trade interests. The English left the Indian trade largely to individual enterprise, yet their adventures were none the less aggressive. Both parties employed the Indians in pushing their trade farther into the interior.[85] The Iroquois raids in the West were but one phase of this struggle. Their victories and alliances threatened for a time to drive the French entirely out of these regions. In this period the Iroquois Indians were truly the *coureurs des bois* for the English, penetrating the remote interior and returning laden with furs to the settlements on the Hudson.

When Detroit was founded the latter were attempting to win the Indians of those regions to friendly alliances,[86] and neither the French nor the English scrupled to incite

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[83] Kaskaskia and its Parish Records, Fergus Hist. Col., No. 12, p. 12; Am. Antiq., Vol. II, pp. 125-6; Pouchot, Memoirs, Vol. I, p. 152; Dunn, Indiana, p. 57.

[84] N. Y. Col. Docs., Vol. IX.

[85] Ibid. Vol. IX, 160; Beckwith, Notes on the Northwest, pp. 215-6.

[86] Margry, V, 219; Sheldon, Michigan, p. 284.

the Indians against their rivals.[97] Wherever an expedition went there was always either a representative of its opponents already on the ground engaged in a friendly traffic with the Indians, or evidence of the recent departure of such an emissary.[98] The English were constantly inducing the Indians to bring their furs to the seaboard from the very midst of the French posts.[99] As M. Tonty journeyed from Montreal to his post at Detroit he met on Lake Ontario three canoes of Indians from Michil, three from Detroit and three from Saginaw which were going to Fort Orange. Two days later he met seventeen canoes of savages bound for the same place.[100] Two years later eight or ten canoes are reported at Fort Orange from the Miamis Indians.[101] Such facts show the reality of a trade war for the West during the entire eighteenth century.

The French and English first struggled for the possession of the strategic points along the Wabash line. The contest was a real one with this difference between the efforts of the two parties: the French attempts were backed by the home government, and forts and garrisons supported them, while the English relied on friendly alliances with the Indians and individual action of interested traders, the government at home giving them no support. The French fear that these individual plans were backed by the eastern colonies was the great incentive which drove them to occupy the Wabash valley.[102] The activity of the French government drew the Western boundary of the English colonies

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[97] Cass MSS., Wis. Hist. Col., III, 161; Gist, Journals, pp. 50-51.

[98] Jesuit Relations, LXIX, p. 187; Sheldon, Michigan, pp. 284, 316; N. Y. Col. Docs., V, 726 ff., IX, 894, 1035; Margry, VI, p. 658; Gist, Journals, p. 224 ff.; Journal of Capt. Wm. Trent, p. 15; cp. Irving, Life of Washington, I, p. 48.

[99] The English made it of advantage to the Indians to bring them their furs. Jesuit Relations, Vol. LXVI, 173; LXVII, 127; N. Y. Col. Docs., IX, 408; cp. Mag. West. Hist., V, 68.

[100] Sheldon, Michigan, p. 316.

[101] N. Y. Col. Docs., IX, 894.

[102] Margry, Vol. V, p. 219; Vol. VI, pp. 657-8; N. Y. Col. Docs., Vol. IX, pp. 894, 1035, 1111; Journal of Capt. Trent, p. 15; Sheldon, Michigan, p. 284.

first along the line of posts from Detroit to Vincennes, and then began anew another battle with the opponents for the Ohio country. From 1727 to 1750 the contest was thus narrowed to the region south of Lake Erie. The English made Pickawillany, an Indian village at the mouth of Loramie creek, a centre of their Ohio traffic[103] and were engaged north and south of the Ohio river in a lucrative fur trade.

Toward the close of this period the contest grew more intense. The Wabash posts were starting points for a constant stream of French traders going to the Ohio country; while on the other hand, the organization of the Ohio company in 1748 gave the English adventurers what they had long lacked, a political and financial backing.[104] The company's store-houses became invaluable centers for trade, and resulted in giving a new impetus to their interests in the West. Christopher Gist was sent into the valley of the Ohio to explore the country and to win the Indians to the English. On the other hand, De Celeron set out in 1749 on an exploring expedition in the interest of the French government.[105] He traversed the region from the Alleghany mountains to Detroit, depositing medals at strategic and important places as an act of taking formal possession of the Ohio country for the king of France. Such was the trend of affairs in the West when the French by a sudden movement drew the western boundary line for the English at a new series of military posts extending from the east end of Lake Erie to the headwaters of the Ohio. This began the war for the great interior valleys.

After the English had wrested from the French their settlements in America, the Wabash posts languished from

[103] Jesuit Relations, Vol. LXIX, pp. 187, 299; N. Y. Col. Docs., Vol. IX, p. 1105; Margry, Vol. VI, p. 657 ff.; Gist, Journal, p. 48; Wis. Hist. Col. Vol. VII, pp. 123-187; Parkman, Montcalm and Wolfe, Vol. I, pp. 51, 52, 83-5.

[104] Gist, Journals, pp. 35, 37, 44, 48, 224-5.

[105] Gist, Journals, pp. 50, 51, 224, 225; Jesuit Relations, Vol. LXIX, p. 151 ff.

the effect of the sudden withdrawal of the patronage of the French government. "Left almost to themselves, in the midst of deserts, a hundred and fifty miles from the nearest post on the Mississippi, without any taxes to pay and at peace with the savages, they spent their lives in hunting, fishing, trading in furs, and cultivating a little corn and a few vegetables for their families."[106] All evidence goes to show a collapse of any considerable fur trade in these regions during the exciting years attending the series of wars which began in 1754 and which did not end until the peace which followed the overwhelming victories of Mad Anthony Wayne in 1794. The French settlers of Vincennes "had nothing to live on but their fruit, vegetables, potatoes, Indian corn and once now and then a little game. No wonder therefore they became as lean as Arabs." Such testimony is good evidence of the lower state of trade in these regions under English occupation. The Wabash route was used by the British in their occasional military expeditions back and forth between Detroit and Vincennes,[107] and the portage at the Miamis post became of such importance that carts were regularly employed to transport boats and merchandise from the Miami to the Wabash river.[108]

The Wabash trade route passed within the jurisdiction of the United States under the terms of the treaty of 1783 with Great Britain, but severing the political bonds connecting it with the St. Lawrence valley deprived it of any great significance as a highway, until emigration had gone far enough to make better facilities for transportation in the West imperatively necessary. The history of the response to that demand is the history of the origin and operation of the Wabash canal. With the coming of the United States into these valleys passed the days of the French régime, and of the Indian fur trade.

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[106] Volney, Works, p. 370, 371.

[107] Major Bowman's Journal, in appendix to "George Rogers Clark's Campaign," p. 110, Cincinnati, 1869; Journal of Joseph Buell, 1785-6, in Hildreth, Pioneer History, p. 140.

[108] Hutchins, Topographical Description, p. 30.

## CHAPTER II

### THE WABASH AND ERIE CANAL

#### The Origin and Federal Character

It is scarcely necessary to discuss at length the various theories concerning the origin of the canal. Nature had too clearly fitted the marshy headwaters of the Wabash and Maumee rivers for a connecting waterway to make a study of the evolution of such an idea of any historical value. The lengthening and shortening of the portage with the changes in the seasons must have suggested the scheme to every traveler over this swampy pass, whether French or English.[1]

In the Ordinance of 1787 the United States had reserved this carrying-place to its citizens for a common highway free from any tax, imposts, or duty.[2] This action was an official recognition of the value of the waterway and a placing of the seal of the Federal government upon it as a national roadway. General Washington pointed out in 1784 in a letter to Benjamin Harrison the necessity of cementing the East and West by lines of communication,[3] and again in the same year in a letter to Richard Henry Lee, President of Congress, suggested the advisability of a survey of the waters of the territory north of the Ohio

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[1] When General Hamilton was encamped at the eastern terminus of the portage on his expedition to Vincennes 1778, he wrote of this fact: "By damming up the water of this *petite riviere* four miles below the landing, the water is backed and raised an inch here. At the Dam it rose an inch the first hour. The Beaver had worked hard for us, but we were obliged to break down their dam to let the Boats pass that were sent forward." See Hamilton to Haldimand, Nov. 1, 1778, Haldimand Collection Canadian Archives; also Documents in Ind. Hist. Soc., II, p. 436.

[2] Ordinance of 1787, Art. IV.

[3] Washington, Writings, Vol. IX, p. 445 (Sparks ed.).

river for lines of communication.[4] His plan was a canal, but a canal that should ultimately connect Lake Erie and the western territory with the projected Potomac canal and thus bind the western trade to Virginia.[5] In another place Washington suggested in a letter to Henry Knox, his Secretary of War, the strategic importance of the head of the Maumee river and prophesied the connection of the waters of Lake Erie with the Mississippi.[6]

There is also a tradition that Quaker missionaries, while establishing an agricultural school among the Indians around Ft. Wayne,[7] urged the advantage of a canal. The idea was in the air. Perhaps the most definite and widely known of these early opinions was that of Captain McAfee. He wrote, "The Maumee is navigable for boats from this place to the lake and the portage to the nearest navigable branch of the Wabash is but seven or eight miles through a level, marshy prairie from which the water runs both to the Wabash and to the St. Marys. A canal at some future day will unite these rivers."[8]

But for something more than an expression of opinion we must look to Captain James Riley, a deputy United States Surveyor, who was sent to Ft. Wayne in 1818 to make a preliminary survey of the lands in this region which were soon to be opened for settlement. He suggested the importance of a canal which he thought could very easily be cut with a length not to exceed six miles, and the following year ran a line of levels over the portage from the St. Marys to Little river. His recommendation communicated to his superior, Ed. Tiffin, Surveyor General, became

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[4] Washington, Writings, IX, p. 80.

[5] Ibid., IX, 303, 327; Ward, Chesapeake and Ohio Canal, Johns Hopkins University Studies, 17th Series, Chapter I.

[6] June 18, 1785, Washington, Writings (Sparks ed.), IX, p. 108. But here again his object is evidently to extend his Potomac route via Lake Erie westward into the Wabash and Illinois country.

[7] 1804.

[8] Captain McAfee, History of the Late War in the Western Country, p. 127, Lexington, Ky., 1816.

a part of the official records,[9] and by the action of the latter was brought to the notice of Congress. Further surveys later established the feasibility of the plan. The origin of the canal, however, must be sought in a combination of forces. Other causes than the speculation of military experts united to make it a practical necessity.

Peter Buell Porter,[10] a representative in the eleventh Congress from western New York, became the champion of a system of roads and canals to connect the West with the East. He pointed out the need of markets in the West and showed the moral effect of the idleness resulting where there was no incentive to work because of inadequate markets. His remedy was a canal from the Mohawk to Lake Ontario; a canal around the falls of the Niagara; a canal from the Cuyahoga to the Muskingum, and another around the falls of the Ohio at Louisville. He included in his plan the construction of a canal across the Wabash portage, closing his arguments with the following resolution:

"That a committee be appointed to examine into the expediency of appropriating a part of the public lands, or of the proceeds thereof, to the purpose of opening and constructing such roads and canals as may be most conducive to the general interests of the Union."[11] This plan was in continuation of the more famous movement represented by Gallatin's report of 1808. But at this time stress of war turned Congress from any course looking to internal improvements. After the close of the War of 1812 and the European wars the commercial depression which followed drove multitudes to seek new homes. The seaboard could no longer furnish the returned soldier nor the ruined mer-

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[9] Helm, History of Wabash County, p. 67. A similar recommendation as a result of surveys found its way to Congress in 1819. American State Papers, Vol. XXI, 555.

[10] Porter was also a member of the firm of Porter, Barton and Company, which enjoyed the monopoly of the carrying-trade along the Niagara river from Lakes Ontario to Erie.

[11] Annals of Congress, 1809-10, p. 1401, Feb. 9, 1810. Speech of Peter Buell Porter in Congress on Internal Improvements.

chant with adequate opportunities.[12] This led to a rush of the people into the new country beyond the mountains, and the westward movement gave, in turn, an immediate demand for highways of transportation. It was soon found that except along the navigable waterways or artificial roadways products of the soil could not be marketed beyond a radius of about one hundred and fifty miles.[13] The cost of transportation on longer distances destroyed all the profits. Thus there came back from the new settlements of the West a demand for aid in creating artificial lines of communication. The rapidity with which new regions were occupied and the wide extent covered in the settlements prevented the states from undertaking the building of adequate roads and channels for this trade. An eminent historian asserts that "The heaviest taxes that could have been laid would not have sufficed to cut out half the roads or build half the bridges, or clear half the streams necessary for easy communication between the new villages and for successful prosecution of trade and commerce."[14]

Already a rude line of water and land transportation between New York and the West was in use. Freight was taken up the Hudson to Albany. Then for fifteen miles over a good turnpike to Schenectady. Up the Mohawk by a scow steered by a sweep oar and pushed up the stream by man-power. Around Little Falls in the Mohawk by a canal and eight locks. From Utica to Lake Oneida by a canal and Wood creek, through Lake Oneida to the Onondaga and Oswego rivers into Lake Ontario; thence, along Lake Ontario to Lewiston where the Porter, Barton Transportation Company took it overland along the Niagara river. At Black Rock, it was delivered to a fleet of steamers plying on Lake Erie. Thence, by land over the portage to old Fort Boeuf, and once more by water to Pitts-

[12] McMaster, Vol. IV, pp. 382-3.
[13] Ibid., III, p. 464; The Central Water-Line from the Ohio River, Pamphlet, Richmond, Va., 1868.
[14] McMaster, III, p. 461.

burg, and down the Ohio to the various points of distribution. This was the cheapest way then possible. One hundred thousand bushels of salt annually passed westward from central New York.[15] The route as a whole bore the same relation to New York trade that the overland route from Philadelphia to Pittsburg did to Pennsylvania.[16] Certainly the greater part of the travel and commerce up to this time followed the mountain routes from Philadelphia, Baltimore or Alexandria but of the several routes freight could be carried slightly cheaper from New York to Pittsburg by the northern way.[17] If the Hudson route was to have any commercial importance, there was great need of shortening it and eliminating the portions of land carriage, [18] and several had pointed out the way.

Together with the economic factors voiced in the demand for national aid in constructing roads and canals, there was a strong military need. The experience of the Northwestern campaigns of the War of 1812 had demonstrated the futility of military operations with inadequate means of transporting troops and supplies. These expeditions were almost invariably failures due to defective transportation. A national military highway across the Old Northwest was

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[15] John Palmer, Journal of Travel in the United States, London, 1818. McMaster, Vol. III, pp. 480-1. Winsor, the Westward Movement, p. 506.

[16] It is noteworthy that whether the journey began at New York, Philadelphia, or Baltimore, the Western terminus was more often Pittsburg. The Erie and Michigan portages had relatively declined in importance due to the unsettled status of Indian affairs in these localities and the proximity of the not too friendly British settlements of Canada and the frontier.

[17] The great commercial routes to the Western country at this early period and indeed till the construction of the Erie canal and the various canals of the Northwest were as follows:

(A) One starting from Philadelphia reached by different portages the Alleghany river.

(B) and another route leaving either Baltimore or Alexandria passed from the Potomac to the Monongahela. Both centered at Pittsburg from whence the common way led down the Ohio river.

[18] This early route between the chain of rivers and lakes across New York as such attained to no great commercial importance. Its main significance lies in the fact that it pointed the way for the Erie canal. See Poor's Railroad Manual, 1881, p. 6.

demanded. In Congress this motive was doubtless the deciding factor, yet a less creditable force had its place in winning support. The policy of harbor appropriations had already had its beginning.[19] Sectional jealousies now compelled the national government to distribute its wealth in money and lands among the western states demanding canals and roads to counterbalance the Atlantic seaboard clamoring for harbors and ships.[20]

The sentiment demanding a system of internal improvements was particularly strong in the central and northern part of the then sparsely settled state of Indiana.[21] Governor Jennings[22] in his message to the state legislature in December, 1818, urged the consideration of a system of canals and roads to facilitate commerce and enhance the value of the soil. A system of roads and canals invites, he said, "To a more general intercourse between the citizens; which never fails, in a great measure, to remove the jealousies of local interests, and the embittered violence of political feuds, which, too often, produce the most undignified results to our republican institutions."[23]

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[19] Improvements of Harbors by Federal Government began in 1822. Annals of the American Academy of Political and Social Science, Sept., 1893, p. 111. Cp. Harbor bills for military purposes, Annals of Congress, 1797, p. 24 and p. 324.

[20] The first step in this direction was taken when Congress by the act of April 30, 1802, gave one-twentieth of the net proceeds of the land sales in Ohio to be used for a system of roads to connect with the Atlantic seaboard. Another act of March 3, 1803, gave 3 per cent of this fund to the state to use for roads within its limits. This policy was continued in other states. Donaldson, Public Domain, pp. 257-8.

[21] Schoolcraft, Travels in Central Portions of the Mississippi Valley, 1821, pp. 90-91. This author examined the locality with the object of furnishing the public with information at a time when interest was running high.

[22] Major Stickney, Indian agent in Indiana, had a part in stimulating the public authorities to action. In a MS. of 20 pages, he communicated his views on a canal to some gentlemen in Cincinnati, carried on a lengthy correspondence with Governor Clinton, of New York, and Governor Jennings, of Indiana. See the autobiography of Major Stickney printed in "Early History of the Maumee Valley," H. L. Hosmer.

[23] House Journal, Session III, p. 21.

In 1822 the states of Indiana and Illinois conjointly made provision for the improvement of the Grand Rapids of the Wabash river.[24] This was a definite step toward the development of the Wabash route as something more than a waterway for canoe trade. Both legislatures, during their sessions of 1823, again considered the subject of connecting the Maumee with the Wabash by canal.[25] Governor Hendricks of Indiana in his message of December, 1822, having in view the further improvement of the Wabash river for navigation, had urged that the state should husband its resources "for the great work to be done."[26] A year later the same governor reported to his legislature a communication from the Illinois board of canal commissioners wherein attention was called to the importance of connecting the navigation of the Wabash and Maumee rivers by a canal.[27] Public opinion was doubtless correctly expressed when a local newspaper said: "Not only would our markets improve from the facilities to send off our produce, cash flow in, instead of out, as is the case now, and merchandise be cheaper, but the whole section of country from here to the Lake, which is now scarcely less than a wilderness, would become a thickly populated region, of enterprise, industry and happiness."[28]

Ever since the admission of the state of Indiana into the Union, the canal project had been a favorite subject before the legislature. But the state lacked the means even to make the surveys necessary to test the practicability of the canal,[29] and the movement was of necessity carried to the Federal Congress, a body just then beginning to show itself ready to aid such enterprises. Indiana's representatives in Congress united their efforts to secure a land grant

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[24] Dillon, History of Indiana, p. 569.
[25] Ibid., p. 569.
[26] Ibid., p. 570.
[27] House Journals, 8th Session, p. 12, Dec. 2, 1823.
[28] Lafayette Mercury, March 20, 1834.
[29] Indiana Executive Documents, No. 32, p. 12.

for this purpose.[30] The battle for internal improvements by Federal aid was a long one.[31] More than a decade of discussion followed ere it arose in triumph as the American System of Clay, Calhoun, and Adams,[32] and in this parliamentary struggle the Wabash and Erie canal project became one of the measures toward which both sides of the controversy directed their strongest arguments. The contest began with the introduction in 1822 of a bill which provided an appropriation for the survey of routes best fitted for a series of canals and roads.[33] The measure was defeated and the same fate met it upon its re-presentation the following session.[34] However, the friends of western internal improvements secured in 1824 $30,000 with which to make a series of surveys.[35] No routes were specified, though in the debates Senator Thomas Hart Benton had strongly presented the natural advantages of the Wabash route.[36]

More definite action had in the meantime begun in the lower House. Mr. Jennings, a representative for Indiana, reported on January 23, 1823, from the Committee on Public Lands, a bill to authorize the state of Indiana to open a canal through the public lands for the purpose of connecting the Wabash and the "Miami of Lake Erie."[37] It called for no further aid than the right of way, but was generally

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[30] Very credible sources show that the definite project for a canal by Federal aid had its origin in the individual enterprise of Samuel Hanna and David Burr. At their urgent representations, the services of the state delegation in Congress were enlisted in behalf of the plan. The Life and Character of Samuel Hanna, G. W. Wood, p. 16.

[31] For a brief history of the movement see Ward, Early Development of the Chesapeake and Ohio Canal, Chapters II and III. Johns Hopkins University Studies, Seventeenth Series.

[32] From Gallatin's Report in 1808 to the close of Monroe's administration little more than the presentation of various projects was accomplished. Schouler, Vol. III, pp. 247, 295, 337.

[33] Annals of Congress, II, p. 1682, April 10, 1822.

[34] Ibid., p. 340, December 10, 1822.

[35] Ibid., I, p. 570, 1823-4.

[36] Ibid., Vol. I, p. 534.

[37] Ibid., 1822-1823, p. 667.

regarded by the representatives from Indiana as the entering wedge finally to secure a land grant from Congress.[38] No action was secured until near the close of the session following. Mr. Rankin had reintroduced Mr. Jennings' measure early in the session,[39] and the General Assembly of Indiana joined with a memorial asking aid from Congress.[40] In May Mr. Rankin's bill was considered in both houses.[41] The measure asked for a right of way of 90 feet on each side of the canal. It was regarded, accordingly, as a request for a Federal land grant to a state for purposes of internal improvement, though the tract of land was to be reserved to the state and used for no other purposes. In the debates it was argued that this was a land grant worth $500,000,[42] whereas, the estimated cost of the canal was only $300,000.

The Committee on Public Lands reported most favorably to the work itself but opposed a grant of land unless this canal should be included in a general system of internal improvements, and preferred a money grant if any aid should be given. In the open debate in the House an attempt was made to substitute, for the reservation of 90 feet on each side, a strip of one mile on each side. In opposition to such an amendment, it was argued that such a grant was "trenching on the terms of the cession of the Northwestern territory by Virginia to the United States which declared that the whole of that cession should be a fund for the payment of the common expenditures of the United States." "The canal was a local work and not one of the common expenditures of the United States."[43] The friends of the work adverted to the frequently presented argument that on the contrary such a public work would immensely enhance the value of the public lands

[38] Tippecanoe Journal and Free Press, Sept. 29, 1842.
[39] Annals of Congress, 1823-4, p. 829.
[40] Ibid., 1823-4, p. 1083.
[41] Ibid., 1823-4, Vol. II, p. 2601.
[42] Ibid., p. 2601.
[43] Ibid., p. 2600.

and thus prove a compensation to the general government. The opinion of Washington favorable to the improvement of this water communication was presented.[44] Finally, the original bill, with a slight amendment requiring the survey to be finished in three years, passed both houses.[45] The expense of surveying and constructing was thrown wholly on the state, if any action were taken. It remained to be seen whether the state desired to undertake such a work at its own expense.

Somewhat earlier, Congress, in the enabling act providing for the admission of Indiana into the Union, had granted to the state three per cent of the net proceeds of the public lands to "be reserved for making public roads and canals" under the direction of the legislature.[46] This fund served as a nucleus for some indirect state action. A part of this money was appropriated in 1824[47] to improve the commerce on the Wabash river,[48] and the state's obligation to carry out the act just passed by Congress was urged by Governor Ray.[49] "Our waters must be imprisoned in new channels and made to subserve the essential purpose of commerce," he said,[50] and reported to his legislature that surveys and estimates were just completed by the general government which proved the practicability of

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[44] Annals of Congress, 1823-4, Vol. II, p. 2601.

[45] Passed House, May 13, 1824, Senate, May 26, 1824; Annals of Congress, 1823-4, p. 788, Vol. II, p. 2613.

[46] Acts of Congress, Sec. VI, Cl. 3, April 19, 1816.

[47] Act of Jan. 31, 1824. Laws of Indiana. The whole income from this three per cent fund could have done little toward such an undertaking. For the first seven years it yielded: 1816, $7673.80; 1817, $9762.91; 1818, $7935.03; 1819, $4661.87; 1820, $12,595.85; 1821, $20,557.84; 1822, $8762.78. Am. State Papers, Vol. 18, p. 717. Nor had the fund became very valuable 10 years later. In 1835, it amounted to $20,105.00 and for 1835, $24,398.00. House Journals, 19 Sess., p. 12 and 20 Sess., p. 15. The fund was finally distributed among the counties to be used for improvement of roads. Act of Feb. 6, 1837. A total of $575,547.75 was paid into this fund. Tenth Census, VII, 618.

[48] The Wabash river is to be regarded as a component of the Wabash and Erie waterway.

[49] Message, Dec. 8, 1826, Indiana House Journal, No. 11, p. 32.

[50] Ibid., p. 44.

a canal connecting the waters of the Maumee with the Wabash and following the valley of the latter stream.[51] Such a work, he continued, would be a step to the relief of the hard times.[52] Arguments were accumulating. The Erie canal had just been completed and had opened a navigable water line from New York to Chicago. To profit by this outlet the western states lying along the lakes were desirous of constructing channels to connect with it the more remote portions of their territory.[53] Ohio had begun its comprehensive system. The fever, if this intense demand for increased facilities of trade may be so called, was spreading westward. Governor Clinton of New York had had a part in stimulating Ohio into action.[54] The answer on the part of Indiana to this demand was that the state lacked means. Doubtless the state authorities as a whole had no intention of constructing it without the aid of the general government,[55] and took no step toward acting under the Federal authorization of 1824.[56]

Independent, however, of any action for direct aid to the canal, the United States government had been making surveys in the western territory. In addition to the $30,000 appropriated in 1824, $50,000 more was added March 25, 1826, for the purpose of examining a series of canal routes and turnpike projects.[57] At the same session a bill was introduced into Congress asking for a land grant to aid the state of Indiana in the construction of the Wabash and Erie canal. The plan was to appropriate a quantity of land equal to six sections in width on both sides throughout the entire length. The state was to use the proceeds of these lands in the construction and maintenance of the

[51] Message, Dec. 8, 1826, Indiana House Journal, No. 11, p. 47.
[52] Dillon, History of Indiana, p. 570.
[53] Andrews, Report on Colonial Trade, p. 306, Washington, 1854.
[54] Hosmer, Early History of the Maumee Valley; E. E. Sparks, Expansion of the American People, p. 268.
[55] Congressional Debates, Vol. II, Part I, 1825-6, p. 590.
[56] Donaldson, Public Domain, pp. 257-8.
[57] United States Statutes at Large, Little and Brown edition, Vol. IV, p. 151.

canal.[58] The bill returned from the Committee on Roads and Canals early in the session, but final action upon it was postponed until the measure was crowded over for the following season.[59] In the debates in Congress at this time the strongest opposition arose from the indefiniteness as to the amount of land necessary. Various opinions were expressed as to the length of the canal to be constructed. One estimate was that a cut across the summit level, a distance of about seven miles, would be sufficient. Another extended the canal to the Little Wabash, twenty-five miles below. Others, to the mouth of the Tippecanoe river, one hundred miles down the Wabash. Mr. Hendricks, the leading supporter of the bill and Senator from Indiana, probably expressing the sentiment of the canal's friends, was of the opinion that the canal should extend fifty miles to the mouth of the Mississinaway river.[60]

Mr. Hendricks in his speech in the Senate April 20, 1826, in defense of the bill spoke at length upon the benefits to accrue to the Union from this canal as a military route. The experience of the forces under General Harrison in the war of 1812 was cited in evidence of the value of such a highway. Such a grant would be expedient as enhancing the value of the other lands to an extent sufficient to reimburse the government. It was claimed that this last had been the motive of all the Federal land grants.[61] The opponents of the measure replied, "Let Indiana construct

[58] Congressional Debates, 1825-6, Vol. II, Part I, p. 705.

[59] Ibid., 1825-6, p. 590-7.

[60] These estimates become of interest in view of the later controversies over the location of the terminus. After fixing this for a time at the mouth of the Tippecanoe river, it was extended a few miles below to Lafayette, only in turn to be carried down to Terre Haute. Finally, abandoning the attempt to make the Wabash river a part of the waterway, Evansville on the Ohio was selected as the ultimate terminus. The indefiniteness of the bill on the terminal points of the canal was due to the scant information available upon the navigability of the Wabash and the Miami rivers. Letter of Governor Noble to Hon. James Whitcomb, Commissioner General Land Office, dated Nov. 12, 1837. Executive Docs., 1837, No. 32, pp. 12-13.

[61] Congressional Debates, Vol. II, Part II, 1825-6, pp. 590-7.

her own roads and canals as Pennsylvania has made hers." The defense easily showed the falsity of such an argument. Pennsylvania's resources were her public lands; in Indiana no such resource existed, for the general government owned the public lands. This condition deprived the new states of such resources as all the older states had and was held to be a valid reason why the new states should receive aid. It was held that the United States should foster domestic commerce equally with foreign.[82] But final action was postponed for the session of 1825-6 pending further information from the surveys being made in the west.[83]

Early in the following session, the subject was again presented. In the Senate the Committee on Public Lands was directed to inquire into the constitutional power of Congress to dispose of the public lands, and into the justice and expediency of appropriating portions of these domains to the states for constructing canals.[84] The resolution met with defeat rather because of the strong feeling that it would cause needless delay, and be only an expression of the opinion of a few when completed. Mr. Harrison said in the debates in the Senate that no similar project promised to be more beneficial to the western country as it would open the West to the markets of New York. Mr. Smith of South Carolina opposed it as inaugurating a general system of land grants and as an indefinite donation. The bill was amended in the Senate to satisfy certain of these conflicting elements.[85] Instead of six sections in width, three on each side, it was made to give the alternate sections for five miles on each side, reserving the remaining sections to the United States.[86] This reduced slightly the amount of the grant and was calculated to greatly enhance the value of the portion remaining to the

[82] Congressional Debates, Vol. II., Part I., p. 597.
[83] See Speech of Mr. Chandler, Feb. 9, 1827. Congressional Debates, Vol. III, p. 310, 1826-7.
[84] Congressional Debates, 1826-7, Vol. III, pp. 7-12.
[85] Feb. 13, 1827.
[86] Congressional Debates, 1827, Vol. III, pp. 310-318.

United States. Other amendments in the Senate made it incumbent upon the state to commence the canal in five years. The measure did not come up before the House for final action until one day before the close of the session, March 2, 1827, and passed at midnight of that day.[67] Fortunate it was for the success of the project that it passed at this session. The next Congress was composed of Jackson men opposed to internal improvement.[68] This project originated a third and distinct phase of Federal aid for canals and roads. In 1806 Congress began a system of direct appropriations of money for the National road from Cumberland westward,[69] and in 1825, authorized stock to be taken in the Chesapeake and Delaware Canal Company and three years later subscribed stock to the Chesapeake and Ohio canal.[70] The Wabash appropriation[71] took the form of a Federal land grant in aid of a state public work.[72]

## Organization and Construction as an Interstate Enterprise

During the consideration of the canal bill in Congress the canal had been planned wholly as an Indiana work. The grant was made to the State of Indiana, for the navigable point of the Maumee was supposed to be within its limits. The actual examination by surveys soon made it apparent that the canal must extend for some distance into Ohio, and accordingly Congress authorized Indiana to convey to Ohio the lands within the limits of the latter to

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[67] Congressional Debates, 1826-7, p. 1496.

[68] Letter of Judge Test, Sept. 29, 1842, Tippecanoe Journal. Test was Representative from Indiana from 1823 to 1831.

[69] Annals of Congress, 1806-7, p. 1238.

[70] Annals of Congress, 1825, pp. 686-7; Ward, Chesapeake and Ohio Canal, p. 86.

[71] A similar grant on the same day was made to Illinois for a canal to join the Illinois river with Lake Michigan, and May 24, 1828, to Ohio to extend the Miami canal.

[72] Donaldson, Public Domain, p. 258.

be used by it in constructing its portion of the canal.[1] Indiana accepted the portion of the grant in its bounds in 1828 and by the same acts took steps looking to the ultimate construction of the canal. A board of three commissioners[2] was elected by the legislature for a term of two years,[3] and paid out of the "debt due from the state to the road and canal fund."[4] The commissioners were authorized to locate the canal with such terminal points on the Wabash and Maumee as might seem advisable from the surveys made by the general government, to select the lands donated, and to ascertain whether funds could be obtained on a pledge of the lands granted. The board was reorganized in 1830 and one of the three members was designated as the Commissioner of the Canal Fund, another as Commissioner of Contracts, and the third as the Commissioner of Accounts. In addition, the office of Chief Engineer was created.[5]

Governor Ray had recommended that the funds should be secured by a loan or an issue of paper money redeemable in land at a minimum price when the land should be offered for sale. His plan was to have the completed work enhance the value of the land.[6] The task of providing ways and means was taken up by the state legislature at its session in 1830.[7] Timber, stone, and other material upon the canal lands suitable for use in the construction of the canal and locks were reserved. The state asked for the alternate sections reserved by Congress, but met with a refusal.[8] Little progress toward definite work was made for several years because of delays over minor

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[1] United States Statutes at Large, Vol. IV, p. 306.
[2] Samuel Hanna, David Burr and Robert John were the first members of the canal board.
[3] The term of office was made three years in 1830.
[4] This refers to the proceeds of the three per cent fund.
[5] Session Laws, 1829-1830, Ch. VIII, pp. 13-18.
[6] House Journals, No. 12, p. 19; Niles' Register, Jan. 12, 1828, Vol. 33, p. 322.
[7] Session Laws, 1829-30, Ch. VIII, pp. 13-18.
[8] Senate Documents, No. 62, 3rd Congress, 2nd Sess., Vol. III.

details of organization. It was currently believed that the delay in beginning the actual work of construction was due to "some divisions of opinion respecting the comparative utility of canals and railroads."[9] That question was, indeed, carefully canvassed. Governor Ray called the legislature's attention to the fact that it might be advisable to construct a railroad instead of a canal from the proceeds of the grant.[10] Two years later his conviction was stronger when he urged that a railroad would cost less than one-half as much as a canal.[11] The canal commissioners, on the other hand, set forth the arguments which probably turned the scales for a canal. Canals require "labor and such material as this state affords; the latter (railroads), iron, which constitutes a large item of expense, must come from abroad."[12]

There was in favor of canals their long tested usefulness and success in England and the older states.[13] Nothing depended upon experiment and conjecture. As a boat did not exceed greatly the cost of a wagon, the canal satisfied the masses better. The commissioners chose the conservative course. In the light of then existing knowledge a different course would have been little short of a foolhardy adventure. Foresight which penetrated the future so far as to realize the wonderful changes so soon to begin in the transportation system would have been phenomenal.

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[9] History and Geography of the Mississippi Valley. Timothy Flint, Cincinnati, 1833, p. 389.

[10] Governor James B. Ray, Message, Dec. 4, 1827, House Journal 12th Sess., p. 15. Such an action as was here suggested was taken by Illinois March 2, 1833, changing the use of its grant for a railroad. From the success of the Illinois Central Railroad and in the light of the failure of the canal, one is reminded of the serious error made by Indiana. Donaldson, Public Domain, pp. 257-8.

[11] Message, Dec. 8, 1829, 13th Sess., p. 14.

[12] Indiana, House Journal, 16th Sess., Appendix F., Dec. 17, 1831.

[13] The Erie and Champlain canals had yielded to the state of New York before their completion five per cent upon the investment. The tolls for 1824 amounted to $340,642. "The Canal Policy of Pennsylvania," Fulton.

Finally, urged on by the strong demands of public sentiment, the legislature took up in earnest the question of creating a canal fund. The land sales had failed to provide an income sufficient to warrant the letting of contracts,[14] mainly because the length of credit given to the purchasers, one-seventh in cash and the remainder in six equal annual payments, yielded to the state little ready cash. Accordingly, the same act that created a special board to manage the canal funds[15] outlined the final course[16] and authorized a loan of $200,000. As a safeguard it was provided that the amount of the loan should at no time exceed the amount due on land sales. The certificates were issued on a credit of thirty years, and the canal lands were pledged for their ultimate payment.[17] In addition, the commissioners were directed to begin the construction of some portion of the middle section at once.[18]

The first ground was broken at Fort Wayne, February 22, 1832.[19] Little progress was made during the first year, although local interest ran high. Meetings were held along the line to promote the rapid building of the canal. Committees worked to secure legislative action for additional surveys.[20] The scarcity of good material for locks

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[14] The lands were put on sale at Logansport in October, 1830, and at Fort Wayne, October, 1832.

[15] Session Laws of Indiana, 1831-1832, Ch. I, Sec. 3.

[16] This made the canal fund to consist of money derived from the following sources: From the sale of the lands donated by the United States; from loans procured under authority of the state and predicated on the amount arising from the sale of canal lands; from tolls of the canal and rents for the use of all privileges created by the construction; from any donations, grants, or any other sums set apart for this purpose. Session Laws, 1831-2, Ch. I, Sec. 2, p. 3.

[17] Session Laws of Indiana, 1831-2, Ch. I, Sec. 4.

[18] The act was passed Jan. 31, 1832. It directed work to commence before March 2, 1832. Session Laws, Ch. CVIII, p. 113.

[19] For an account of the celebration held and the address by C. W. Ewing on that occasion, Cass County Times, March, 1832, Logansport.

[20] Report of Commissioners, House Journals, 17 Session, p. 99. Wabash Mercury, Lafayette, Sept. 26, 1833.

and waterways proved the greatest obstacle.[31] By 1834 a small part near Fort Wayne had been completed and the first canal boat launched. The first section of 32 miles from Fort Wayne to Huntington was opened July 4, 1835.[32] But in the meantime it had been necessary to make another loan of $400,000 to secure funds to continue the construction.[33]

Ohio experienced even greater delay than Indiana before beginning her portion. As soon as it had been ascertained that the canal must be a joint work of the two states, commissioners were appointed by both.[34] In the conference which followed, December 18, 1829, a compact was formulated, subject to the ratification of the legislatures of both states.[35] It was agreed that Ohio should commence her portion of the canal before January 1, 1835, keep it in good repair, and charge no higher tolls to citizens of Indiana than to her own citizens. In turn, Indiana was to cede to Ohio her right to the lands granted on the Ohio side.[36] Indiana ratified the compact at its next legislative session,[37] but Ohio delayed action. The state had already undertaken several canals connecting the lake with the Ohio river and dreaded the canal competition which would result from building another line.[38] Fear of the immediate expense of such a work added to this inaction. Finally, after considerable correspondence between the two commonwealths, Ohio accepted the conditions of the cession, February 1, 1834.[39] Within a year

[31] Reports of Chief Engineer, Doc. Journals, No. 6, 1836.
[32] House Journals, 20 Session, p. 12.
[33] Session Laws, 1834, p. 49. Transferable certificates of stock, 6 per cent, for 25 years, were issued.
[34] W. Talmage for Ohio and Jeremiah Sullivan for Indiana.
[35] House Journals, 13th Session, No. 13, p. 14.
[36] Laws of Ohio, 1840-1, p. 200.
[37] Session Laws of Indiana, 1829-1830, Ch. CXXV, pp. 172, 173.
[38] Another cause of delay was the pending boundary dispute between Ohio and Michigan which placed the jurisdiction of a portion of the canal route at issue.
[39] House Journal, Session 13, p. 30; ibid., Session 16, p. 17; ibid., Session 18, p. 16; Session Laws of Indiana, 1832-3, pp. 233, 359; Ohio Laws, Vol. 32, p. 44.

a commission began the selection of lands and located the route. Further surveys led Ohio to make the Maumee bay the eastern terminus, and the remainder of its part was put under contract during 1836.[30]

To the citizens of Indiana, these delays seemed unnecessary and prejudicial to the state's interests and caused at the time some little friction between the two commonwealths.[31] Both, however, soon experienced such difficulties and fiscal embarrassments as to render any progress on public works almost impossible. The compact of 1829 made the canal from the Maumee bay to the Wabash river one work in commercial interests but in two divisions with regard to its finances, construction, and management.

### As the Trunk Line of a General System of Internal Improvements.

During the period from 1830 to 1835 the population of Indiana rapidly increased.[1] This led to a correspondingly greater need of facilities for transportation. The same motives which had secured for the state the partially completed Wabash and Erie canal now led to the inauguration of a plan for an expansion of the state's public works. Ohio's canal system begun in 1828 had proven successful from the tax-payer's standpoint. The financial success of the Erie canal aroused among the new states a similar enthusiasm for internal improvements. It was well known that New York had created a debt of $10,000,000 for this purpose. The local newspapers quoted Governor Marcy's statement in his annual message where he said, "The revenue arising from these works will in the short space of three years more than pay off

[30] Ex. Doc., Indiana, No. 32, p. 5; Doc. Journals, No. 2, p. 2, 1837.
[31] Mitchell, Compendium of Canals and Railroads, p. 70, Philadelphia, 1835; Lafayette Free Press, Feb. 5, 1836.
[1] U. S. Census, 1830 and 1840.

every cent of their cost."[2] The same papers stated that the tolls on the Erie canal for 1833 had amounted to $235,000 and this in face of a reduction of 28 per cent. on tolls.[3] These and similar representations were very potent factors in pushing the state where its own needs and wants already inclined it.

Accordingly, the proposed general system was presented to the legislature of 1835 by an act then popularly known as the Mammoth bill, so called from the huge proportions of the system proposed. The estimated cost of the improvements projected by this bill was $5,910,000.[4] The plan included an extension of the Wabash and Erie canal from Tippecanoe to Lafayette, and a network of connecting canals, railroads, and turnpikes. Discussion upon the bill was animated. The whole principle of state public works was freely discussed.[5] The question of railroads or canals was again canvassed. However, the bill failed at the first session, not because of a strong hostile sentiment, but rather because of a demand for more definite information and for more mature deliberation.

A great deal has been written on this point and in most cases the state has been accused of plunging hastily into a wild scheme of internal improvement. Nothing is farther from the truth. Such an action was just what the state deliberately tried to avoid. Surveys were ordered and the question was made an issue at the succeeding election. A revolution in the means of transportation and bad administrative methods were factors which the community at large could not anticipate.

The legislature of 1835 took two important steps: it

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[2] Governor Marcy, 1834, annual message to legislature of New York.

[3] Wabash Mercury, Lafayette, Feb. 27, 1834.

[4] Estimate of Mr. Wallace for the legislature. Detailed statement of separate works published in Lafayette Free Press, Feb. 6, 1835.

[5] Reports of Proceedings of General Assembly, published in Lafayette Free Press, Feb. 6, 1835; Feb. 16, 1835.

appropriated $227,000 to extend the Wabash and Erie canal from the mouth of the Tippecanoe river to Lafayette and ordered a series of surveys to determine the feasibility of the individual works planned in the Mammoth bill.[6]

During the next summer and the campaign in the fall this subject was uppermost. In the election of 1835 there were but two issues: an ad valorem tax and a state system of internal improvements. Candidates announced themselves as favoring or opposing these measures. The arena of discussion was for the summer transferred to the local gatherings and the public press. The system planned was so generally distributed that nearly every section contained some public work,[7] and, consequently, there could be little opportunity for a dissatisfied, jealous, local interest to develop any strength.[8] The newspapers presented again the various arguments relative to the merits of railroads and canals.[9] England's experience showing that its railroads yielded an income of from 6 to 9 per cent. on investments in contrast to the canals with 15 to 136 per cent. was presented.[10] Railroads, it was said, could not sustain themselves in a new and sparsely populated region; short lines might, in densely settled parts at times, be valuable.

With the meeting of the General Assembly in December, the question became paramount in the halls of the legislature. The speaker of the House in an address to that body called attention to the seriousness and importance of the subject upon which they were called to take action. Leading members of both parties became ardent

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[6] Session Laws, 1834-5, Ch. XVI, p. 25.

[7] Only seven counties were without a navigable stream or some contemplated public work.

[8] Logansport Telegraph, Aug. 22, 1835. Lafayette Free Press, July 3, 1835, and Sept. 25, 1835.

[9] "Indiana Farmer," a series of articles widely copied in local newspapers, contained a careful consideration of this question.

[10] See "Indiana Farmer" in Lafayette Free Press, June 5, Aug. 14, Aug. 27, Sept. 11, Dec. 4, 1835.

supporters of the measure. Governor Noble in his message reported the favorable character of the various surveys completed during the summer, and recommended the expenditure of ten million dollars on such a system of internal improvements.[11] Public opinion was thoroughly in accord with such a movement. Without delay a bill was introduced and enacted into law.[12] In the popular branch the overwhelming majority of 65 to 18 voted for the measure, and in the Senate there was a majority of two-thirds.[13]

The act created a Board of Internal Improvements consisting of nine members so classified that the terms of three expired each year. The members, appointed by the governor, were to be assigned individual works over which each was to be an acting commissioner. In his appointments the governor was instructed to have regard to the local situation of the nominee, so that each work should be represented. This proved to be a fatal defect of the administration. Each member of the board determined to complete the work of his home district at the earliest possible moment. The work of construction under the act reduced itself to a scramble to see which one could finish his work first and thus secure the approval of his locality. The failure of the plan under such a policy was inevitable.

The system was to be a combination of canals, railroads, and turnpikes with the Wabash and Erie canal and the Ohio river as the main arteries. Each separate work was to have a termination at the lake, the Wabash canal, or the Ohio river, the Wabash canal constituting the main artery or trunk to the plan.[14] The act extended the

[11] Doc. Journal, 1836-7, Message Governor Noble, Dec., 1836; Lafayette Journal and Free Press, Dec. 18, 1835.
[12] Jan. 27, 1836, Session Laws, 1835-6, Ch. II.
[13] Lafayette Journal and Free Press, Jan. 22, 1836; Niles' Register, Vol. 44, p. 388.
[14] Message of Governor Noble, Dec. 8, 1835; House Journal No. 20, p. 12, and Doc. Journals, 1856, Pt. II, No. 23; Tippecanoe Journal, Aug. 18, 1842.

Wabash and Erie canal from the mouth of the Tippecanoe river to Terre Haute and from thence by a section known as the Cross Cut canal to the Central canal on the White river.[15] The Central canal as projected had its beginning at Peru on the Wabash and Erie canal running south by way of Indianapolis and thence down the White river to the Ohio at Evansville. Later the portion of this from the junction of the Cross Cut with the White river at Evansville was built as an extension of the Wabash and Erie canal.[16]

To carry out this elaborate plan a loan of $10,000,000 on a credit of 25 years at a rate not to exceed 5 per cent. was authorized. At this time the construction of the Wabash and Erie canal was progressing slowly. To secure its speedy completion from the Ohio state line to the mouth of the Tippecanoe river, section 10 of the act authorized the Canal Fund Commissioners to negotiate a loan of $500,000.[17]

The passage of this act was exceedingly popular, "Hailed by its friends, as the dawning of a new era in the history of our legislation, essential to the prosperity of our people, and highly creditable to the character of Indiana."[18] It was denominated by the state's chief executive as an act which "has not been fastened upon her by surprise nor imposed upon the people as the hasty offspring of over zealous public agents. It was

[15] Tippecanoe Journal, March 23, 1842. The length of the Cross Cut canal as surveyed was 41½ miles.

[16] For the Central Canal, 290 miles, $3,500,000 was appropriated, and for the Cross Cut canal the amount was $1,300,000. Another canal on White Water to connect Cambridge on the National road with the Ohio river, 76 miles, was included with an appropriation of $1,400,000. The system included a railroad from Madison to Lafayette, $1,300,000; a macadamized road from New Albany to Vincennes, $1,150,000; a railroad or turnpike from Jeffersonville to Crawfordsville, $1,300,000; the improvement of the Wabash river as a part of the system from its mouth to Vincennes, $50,000; and a survey for a railroad or canal from Fort Wayne to Lake Michigan. Session Laws, 1835-6, Ch. II, p. 6.

[17] Session Laws, 1835-6, Ch. II, Sec. 10.

[18] Lafayette Journal and Free Press, Jan. 29, 1836.

openly discussed for over two years, made the turning point in our elections and as public sentiment demanded it, with full knowledge of ulterior consequences, it may be emphatically called the measure of the people." [19] Some years later an attempt was made to lay the responsibility upon political parties. But a search of the legislative records proves beyond a doubt its non-partisan character. In the bitter controversies of more recent years writers frequently project into this period their own perspective. It is scarcely reasonable to demand a foresight which should view in the few short lines of railroad then in existence, with their poorly constructed road beds, the revolution already impending. It has been suggested that the best vindication of the system lies in the fact that every line then planned has been paralleled by a railroad, and a paying one, too.[20] An attempt to extend the system still farther the following year met with speedy defeat.[21] We hold "any extravagant, visionary, or vacillating policy to be ruinous to the state," [22] said the senate committee in its adverse report upon this measure.[23]

Before the Wabash and Erie canal was completed to the original terminus, the Tippecanoe river, the act of 1835 had extended it to Lafayette, and before this extension could even be begun it had been decided under the general state system to make Terre Haute its southern terminus.[24] The work was carried along steadily by the

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[19] Governor Noble, Message of Dec. 5, 1836; Doc. Journal, 1836-,.

[20] Dunn, J. P., Men of Progress, p. 34.

[21] A measure really intended to be supplementary to the "Mammoth" bill and therefore popularly known as the "calf." It provided for 27 distinct works. Its main support came from log-rolling among the legislators. Lafayette Free Press, Dec. 17, 1836, Jan. 6, 13, and 27, 1837.

[22] These words are significant, as they are practically an expression of the imputation thrown against the original act of 1836.

[23] Lafayette Free Press, Feb. 17, 1837, and cf. Governor's Message, Dec., 1836.

[24] The selection of the mouth of the Tippecanoe as the southern terminus had been based on the theory that this was the head of navi-

Board of Internal Improvements. This canal had a great advantage over the new parts of the system in having a land grant[35] behind it and a small income from the already completed portion.[36] Ohio advanced more slowly with its part. The financial embarrassment throughout the United States after 1837 put a stop generally to active operation on public improvements.[37] Five years after the contracts were let,[38] the legislature of Ohio directed the Board of Public Works to proceed to the completion of the Wabash and Erie canal. "Even amid the serious embarrassments of the times, the state of Ohio will continue to make every exertion to fulfil her obligations and promote the mutual interests of both states by an early completion of this improvement" ran the slightly encouraging resolution of the General Assembly.

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gation in all seasons. It was early realized that the Wabash river was not navigable in all seasons so far up, and indeed it became in time the prevailing idea that no part was satisfactory for a waterway, and hence the further extension to Terre Haute and later to Evansville on the Ohio. This change of view is not at all to be charged to a shifting policy. A stream that was navigable to the flat boat trade of the earlier frontier life did not satisfy the steamboat traffic of later years and especially as increasing business enlarged the size of these. But even more important in bringing about a new conception of the place the canal must take and the location of its southern terminus was the actually decreasing volume of water in the Indiana rivers. As long as the region was heavily forested, the matting of leaves and windfall conserved the rainfall so as to maintain a considerable flow in the streams throughout the year. The removal of these forests and the breaking of the soil and subsoil drainage caused the rapid draining of the water and decidedly decreased the volume of the streams during the long summer season.

[35] The state surveyed a route for the extension from Lafayette to Terre Haute in the summer of 1835, presuming upon the right of the state to select lands under the act of 1827. Lands were selected accordingly and Congress was asked to confirm the action, which was done. For survey see Ex. Docs. of Indiana, No. 32, 1835-6. For Act of Congress confirming, U. S. Statutes, Vol. V., p. 414, Act of Feb. 27, 1841.

[36] The canal was completed to Wabash, July 4, 1837; Peru, same month; Logansport, Sept., 1838; Tippecanoe river, 1841; Lafayette, July 4, 1843.

[37] Annual Report of Ohio Board of Public Works, Dec. 30, 1839.

[38] March 29, 1841, Laws of Ohio, Vol. 39, p. 200, 39th Session.

From the completion of the upper sections the interstate character of the canal made it necessary to arrange similar schedules of tolls by frequent communications between the canal boards of Indiana and Ohio. Different rates in the two states were regarded as a violation of the compact whereby Indiana had ceded the canal lands to Ohio, and uniform tolls were generally maintained throughout the whole line.[20]

## Mismanagement and Collapse in the Panic of "1873"

As soon as the legislature committed the state to a general system of internal improvements, there was a great eagerness on the part of the public to have every work completed without delay.[1] Governor Noble urged at the beginning of the following legislative session that, since the system was being begun under favorable circumstances, careful and wise financial planning was necessary; and further, that the rapid disbursement of money would lead to extravagance, high living, and then a reaction when the system would become a burden.[2] These words uttered when all was prosperous proved an all too true prophecy of the actual mistake that was made by the state.

From the reports of the Board of Internal Improvements, it appears that up to this time the land sales for the Wabash and Erie canal had amounted to about 18 per cent. of the total receipts. That is, the land sales furnished about one-sixth of the funds and the other five-sixths were secured by loans negotiated by the state. For the extension planned by the act of 1836, $241,742.58 was secured from another loan. For the other parts of the system, a bond issue of $950,000 more was floated. To this

[20] Reports of Superintendent Wabash and Erie Canal, Part I, No. 8.

[1] Letter of Jesse L. Williams, Lafayette Free Press, Sept. 25, 1841; Indiana Gazetteer, p. 25, Indianapolis, 1849.

[2] Doc. Journal, 1836-7, Message of Governor Noble, Dec. 5, 1836.

was added in 1837 for the general system, $1,650,000 and for the Wabash and Erie canal east of the Tippecanoe river $400,000.[3] In rapid succession the market was flooded in the next year with a total of $1,800,000 for the general system and in 1839 with $1,632,000. Of course, the rapid sale of bonds for the general system affected disastrously the market for the Wabash and Erie bonds and rendered helpless the one work that could have become safe financially.[4] To add to the state's embarrassment, the price of labor, provisions, and material increased the cost of the various works far above the original estimates. At the time these vast sums were being expended for construction, very little was being returned to the state. One work only was far enough advanced to yield an income. The Wabash and Erie canal earned from tolls for 1838, $1,398.37, though this was a sum scarcely sufficient to pay the salary of one of the fund commissioners.[5]

The attempt had been made to secure capital from abroad by means of the state's credit, but the latter had been extended beyond the limit permissible by sound fiscal laws. The authorities lost largely by selling bonds on credit. In several cases the purchaser failed through unsuccessful speculations to be able to meet his obligations to the state. The general panic in business extended to these loan companies. For instance, the Morris Canal and Banking Company of New York failed, owing the state on bonds, which it had purchased on credit, $2,112,200.00. The failure of other parties and institutions caused the state to lose in the same way over $1,000,000 more.[6] The estimated loss to the state in negotiating the sale of its bonds on credit was $3,183,461.00, or a loss of 25 per cent. of the value of the bonds offered for sale. Such losses wrecked the gen-

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[3] Revised Statutes, Indiana, 1838, pp. 133-4.
[4] Tenth Census, U. S., Vol. VII, p. 618.
[5] Doc. Journal, No. 23, Report of Fund Commissioners, 1838.
[6] Report of State Agent, Dec. 15, 1845, Ex. Doc., 1845; Louisville Journal, Nov., 1841; Tippecanoe Journal, Dec. 1, 1841.

eral system of internal improvements. All might have been avoided had there been less haste in prosecuting the construction of the various works projected.

What was demanded for the success of the system from a financial standpoint was the deliberate letting of contracts so as to finish up works in connected sections at points nearest the trunk line first and thus make these sections self-supporting and at the same time relieve the state of part of its burden. The letting of new contracts only so fast as the state could assume by taxation the interest payments would have made the projected system safe and comparatively easy. Instead there was the most precipitate haste. Contemporary authorities put the case very clearly. "The policy of constructing the works and parts of works simultaneously was so well pursued, that no considerable portion of any work was completed or fit for use. ....There lies the system still, its unfinished excavations, embankments, locks, culverts, aqueducts and bridges hastening to ruin."[7] Somewhat later another wrote: "In many places public works were commenced where there was no surplus of labor or produce, where they did not lead to a market, and where the lot speculator was the only person who could be profited."[8] For such a mistaken public policy, the blame can rest only in one place. The Board of Internal Improvements yielding to outside pressure committed a blunder in administering its trust. Without doubt the voice of the public supported its action, but it was a time when a sound fiscal policy required that the impatient demands of the interested citizens along the several routes should be disregarded.[9]

By 1839 the entire state system of public works was para-

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[7] Louisville Journal, Nov., 1841, copied in Tippecanoe Journal, Lafayette, Dec. 1, 1841.

[8] Indiana Gazetteer, 1849, p. 25.

[9] The correspondence of the state's engineer, Mr. Jesse L. Williams, shows how contrary to his strongly expressed judgment this policy was. Reports of State Engineer, 1836-39.

lyzed. The state could not find purchasers for its bonds; the contractors could not secure payments on their contracts; the Board of Internal Improvements could not meet its obligations, and consequently abandoned, in August of 1839, all efforts to complete the public works.[10] The following year, the state issued $1,500,000 in treasury notes to provide for the unpaid balances due the contractors.[11] With barely revenue enough to pay the ordinary civil expenses, the additional annual interest account of nearly a half million dollars could not be paid.[12] In February, 1841, the legislature, confronted by an unpaid interest account and with as heavy a tax burden as its weakened resources would apparently bear, cut the Gordian knot by an issue of bonds to pay the interest on the public debt. These were worthless under the circumstances, and when tendered to the bondholders were nearly all rejected.

To secure partial relief and place the public works where they might be completed to a paying point, the same legislature authorized the organization of private companies to own, complete, and operate all the unfinished portions, except the Wabash and Erie canal which was to be retained by the state. This act also abolished the Board of Internal Improvements, the office of Fund Commissioner, and Chief Engineer, creating in their stead a Canal Commissioner, and also a State Agent to perform the duties of the Fund Commissioners.[13] To increase the financial confusion, the legislature attempted to sustain and give credit to its depreciated currency, land scrip,[14] and treasury notes,[15] by

[10] Governor's Message, Dec. 7, 1841, Doc. Journal, 1841-2.

[11] Auditor's Report, Doc. Journal, 1845, Part II, No. 19.

[12] At this time the revenue from all sources, equaling $420,388.00, was absorbed by the regular civil expenses; the annual interest account was $400,000.00 additional. See Tenth Census, United States, Vol. VII, p. 620.

[13] General Laws of Indiana, 1841-2, p. 3, Act. of Jan. 28, 1842.

[14] There were several forms of land scrip:

a. A scrip based on the canal lands east of Lafayette, popularly known as "White Dog."

b. Another issued on the lands west of Lafayette, known as "Blue Dog."

making them "receivable for all canal tolls and water rents on the Wabash and Erie canal.[16] The measure failed to add to the value of the currency but crippled the work of construction and repairs on the entire canal by depriving it of available funds.[17]

By 1841, the state had piled up a debt of $13,148,453.00, of which $9,464,453.00 was on account of the internal improvement system.[18] During the next five years this was

c. A third, a sort of shinplaster currency, known as "Blue Pup." This was an unlimited issue in small denominations by the contractors for their convenience in paying labor. It was based on "Blue Dog" and circulated quite generally at greatly depreciated rates.

See Laws of Indiana, Jan. 1, 1842, Ch. V, p. 24; Niles' Register, Vol. 15, p. 69; Tippecanoe Journal, Jan. 19, 1843, Feb. 16, 1843, Nov. 13, 1843, and Dec. 18, 1845; Doc. Journal, 1841-2, Message of Governor, Dec. 7, 1841.

[15] Issued in 1840, after suspension of public work to pay contractors, bore interest at one-fourth of one per cent, and circulated at about fifty cents on the dollar. Report of Commissioner, Part II, No. 6, 1842.

[16] Session Laws of Indiana, 1843. Cp. Tippecanoe Journal, Feb. 16, 1843.

[17] Governor's Message, Dec. 7, 1841, Doc. Journal, 1841-2.

[18] A detailed statement of the state debt to 1840, inclusive of the state stock in the State bank, follows:

| | | |
|---|---|---|
| 1832 | for Wabash and Erie canal | $100,000.00 |
| 1834 | " stock to subscribe for State bank | 500,000.00 |
| 1835 | " Wabash and Erie canal | 605,257.42 |
| 1835 | " State bank | 890,000.00 |
| 1836 | " Wabash and Erie canal | 241,742.58 |
| 1836 | " General internal improvement system | 850,000.00 |
| 1836 | " The Lawrenceburg and Indianapolis railroad | 100,000.00 |
| 1837 | " The Wabash and Erie canal | 380,000.00 |
| 1837 | " General Internal Improvement system | 1,650,000.00 |
| 1837 | " Lawrenceburg and Indianapolis railroad | 124,000.00 |
| 1838 | " General internal improvement system | 1,800,000.00 |
| 1839 | " Wabash and Erie canal | 400,000.00 |
| 1839 | " General internal improvement system | 1,632,000.00 |
| 1839 | " State bank | 1,000,000.00 |
| 1839 | " State bank instead of fourth instalment of surplus revenue which was to have been invested in bank stock | 294,000.00 |
| 1839 | " Indianapolis and Madison railroad | 455,000.00 |
| 1839 | " Amount advanced by State bank on public works | 629,453.00 |
| 1840 | " Treasury notes issued to contractors of public works | 1,500,000.00 |
| | Total debt | $13,151,453.00 |

rapidly increasing by unpaid interest. On the other hand, it had to its credit about 200 miles of canal in use, yielding $5,000.00 in tolls, two railroads yielding $26,000.00 more annually, and several useless fragments of canals. The Cross Cut canal and the southern division of the Central canal, on which little had been accomplished, became integral parts of the Wabash and Erie waterway on its extension to the Ohio river. The other portions of the state system were either purchased by private companies and completed or abandoned entirely.[19] This cleared the way for the state to concentrate its efforts on the completion of the Wabash and Erie canal to Terre Haute as provided in the act of 1836.[20]

Ohio's part of the canal was finally completed to Maumee bay in 1843, the same year in which Lafayette became the western terminus. Prior to this date the only traffic was the small local trade. With the extension of the canal to the lake, on the east, the through traffic which immediately followed raised the income from tolls six-fold;

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[19] The state abandoned outright three of its works: The Jeffersonville and Crawfordsville road, after expending $339,183.18; the Lafayette and Indianapolis road after expending $73,142.87; the work on the Wabash rapids after expending $14,288.42. The White Water canal projected from Lawrenceburg to the mouth of Nettle creek, 76½ miles, was completed for 31 miles between the Ohio river and Brookville. The work cost $1,099,867. It was later completed by a private company and maintained in successful operation for some years. Rents and tolls had brought the state $9902.41. The Northern division of the Central canal was sold to private parties in 1850 and 1851. It had cost the state something over $863,209.88. The state received in tolls and rents $13,720.13. Similarly the Madison and Indianapolis railroad passed into private control after costing the state $1,624,603.05 and returning $63,182.32. No part of the Erie and Michigan canal was finished. A feeder and surveys cost the state $156,324.00 The water power of the Northport feeder dam was available and that was conveyed to Noble county for school purposes. On the Central canal between Indianapolis and Evansville, $574,646.49 was expended; on the Cross Cut, $436,189.88. See Doc. Journals, Indiana, 1847, No. 2, p. 77; 1850, Part 1, No. 1, p. 41; Indiana Gazetter, 1849, pp. 26-7; Niles' Register, Vol. X, p. 40, March 20, 1841; Vol. II, pp. 293-4, Jan. 8, 1842.

[20] At the time the general system collapsed, $408,855.00 had been expended on this extension.

Indiana's share now became $60,000.00, Ohio's $35,000.00.[21]

During 1844 a disastrous flood closed navigation for two months, and the Superintendent's [22] report for the year showed a decrease of 7 per cent in tolls. The tolls and rents still fell short of furnishing an adequate income for the ordinary repairs and maintenance by 27 per cent. Consequently, the creditors could get no return from this source, even in interest, for their investment. They looked to the state for relief, but the state was crippled in its efforts to provide adequate revenue through taxation because of the stagnation in business and the general impoverished condition after the panic. A recourse to increased exportations, in order to bring enough money into the state to make higher taxes immediately possible, was out of the question; such a course demanded markets in the east for its raw products. Unfortunately, just at this time, every other state was in need of these eastern markets and was flooding them. Distance and cost of transportation put Indiana at a disadvantage. Under such circumstances, the less scrupulous classes favored an immediate repudiation of the entire internal improvement debt.

### The Butler Bill: Repudiation or Resumption

Two problems presented themselves to the state of Indiana in 1845: one was to complete the Wabash and Erie canal to a point where it was hoped the canal would become a profitable work; the other was to provide a way to manage the state debt. In the solution of these problems, they became inseparably connected. The preceding session of the state legislature had expressed strongly the ultimate

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[21] The length of the entire canal at this time was 215 miles; 144 miles were in Indiana and 71 in Ohio. United States Senate Docs., No. 202, 28th Cong., 1st Sess., Vol. 4; Cp. Indiana Doc. Journal, 1841, Part II, No. 7, Governor's Message.

[22] To unify the interests of the sections east and west of Lafayette and centralize the control, the offices of commissioners for the two parts were abolished and a general superintendent was provided. General Laws Indiana, 28th Session, 1843-4, p. 14.

intention of the state to meet its obligation to the fullest extent. It recognized the state's moral obligation in the matter and admitted that a refusal to meet her plighted faith given over her own seal was equivalent to a forfeiture of her station in the sisterhood of states.[1]

Indiana was not alone in her embarrassment. In Pennsylvania the unusual course of postponing the payment of the domestic debt in order to pay the public debt had been pursued. Ohio imposed a tax of 75 cents on the $100 to meet the interest on the public debt.[2] Michigan's internal improvement system had failed and the state was unable to meet its interest demands.[3] The failure of Indiana and Michigan, led the dissatisfied creditors, both European and American, to appoint Charles Butler as their agent.[4] Butler was commissioned to visit the two states and secure some measure of relief for the bondholders. He first visited Michigan, and after a partially favorable adjustment there in 1842,[5] he turned his attention to Indiana. Before a Terre

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[1] Resolution of legislature on Public Debt, 1844-5.

[2] Ohio had constructed canals at the following cost:

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|---|---|
| The Miami and Erie canal | $8,062,880 |
| The Ohio canal | 4,695,203 |
| Walhonding canal | 607,268 |
| Hocking canal | 975,481 |
| Muskingum Improvement | 1,627,018 |
| Total canal debt | $15,967,850 |

[3] Pennsylvania, Maryland, Michigan, Mississippi, Illinois and Indiana defaulted in their interest payments. Scott, The Repudiation of State Debts, p. 228.

[4] Charles Butler, a New York attorney, was later the president of Union Theological Seminary. "A History of Union Theological Seminary" is the title of a recent publication which contains a brief biography and collects into an appendix the series of letters which Mr. Butler wrote to his wife while he was agent of the bondholders in Indiana. These letters are of incalculable value in reconstructing the history of this critical period in Indiana. There is a homely, familiar tone to his letters, frank and honest, which convinces one that he believes himself that he represents the moral side and that for him to win is to save the honor of the state. At times the letters exhibit an almost pathetic anxiety lest justice shall not be done.

[5] The legislature of Michigan authorized a loan of $5,000,000 for a system of improvements by an act of March 21, 1837. Much diffi-

Haute audience in May, 1845, he began his campaign by suggesting a plan which would satisfy the state's creditors. "Pay us by your state tax and otherwise a portion of the interest on your public debt and we shall be willing to look to the revenues of the canal for the balance" was his plea.[6]

A convention of those interested in the completion of the Wabash and Erie canal to the Ohio river followed a few months later.[7] This was on the eve of the assembling of the state legislature. The convention prepared a memorial to be presented to that body in which it almost unanimously endorsed the plan suggested by Mr. Butler, and recommended as an additional feature that the bondholders advance a sum sufficient to complete the canal, taking its revenues or the lands given by Congress as their security.[8] Combining these two plans, the original suggestion of Mr. Butler and the convention's additional feature regarding the means for completing the canal gave a working scheme. Henceforth the problem was to stimulate public sentiment to action. From other parts of the state came suggestions of a similar nature. The rumor spread that the creditors would give further time, diminish the interest, and make deductions from the principal in return for the punctual payment of interest. Others argued that the state could transfer in part payment of its debt such property as its Bank stock, the Wabash and Erie canal, and its interest in other improvements. The property would still be within

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culty was experienced in disposing of its bonds, but finally they were sold to the Morris Canal and Banking Co. and the United States Bank of Pennsylvania. The latter agreed to pay for its portion by a system of regular payments. The two companies failed before Michigan had received more than about three hundred dollars in cash per one thousand dollars of its loan. By the adjustment act of Feb. 17, 1842, the state agreed to pay her creditors as much as she had actually received from the banking companies to whom she originally sold the bonds, with interest, repudiating the remainder. See, The Repudiation of State Debts, Scott, pp. 161-4.

[6] From extract of speech in Tippecanoe Journal and Free Press, Lafayette, Nov. 20, 1845.

[7] The Convention met in Evansville, Ind., Nov. 4, 1845.

[8] Tippecanoe Journal and Free Press, Nov. 20, 1845.

the state and benefit commerce with the additional advantage of better management under private control.[9] The fall elections had pledged successful candidates in several counties to work for some provision looking toward the payment of the debt.[10] Repudiation or adjustment had been flung at the people by the outside press.[11]

It seems altogether probable that the sentiment throughout the state at this time favored the payment of the debt.[12] A competent contemporary writer maintained that the politicians instead of the people stood in the way; that a species of demagogism was practiced when strong convictions for payment should have been expressed to the taxpayers.[13] The legislature assembled Dec. 1, 1845. Mr. Butler was present at this time preparing to work for the claims of the bondholders. He confessed to his wife in a letter that the situation was almost hopeless: "The prospects are altogether discouraging and almost everybody says that nothing can be done." "It is really amazing to see what a paralysis hangs upon the people." "It is certain that if the question is not now settled it never will be; the people will go into repudiation."[14] He soon came to the conclusion, however, that though "The state is on the verge of repudiation . . . they have not known it."[15]

To arouse this dormant public conscience became Butler's self-set task.[16] He formally introduced his case by transmitting a statement for the bondholders to the Gover-

[9] Tippecanoe Journal and Free Press, Nov. 13, 1845.
[10] Ibid., Dec. 4, 1845.
[11] New York Tribune, October 18, 1845.
[12] Report of Joint Committee of Legislature, Doc. Journ., 1845, No. 21, Pt. II.
[13] Thomas Dowling in Tippecanoe Journal and Free Press, Dec. 4, 1845.
[14] Letters of Charles Butler, Nov. 29, 1844, A History of Union Theological Seminary, p. 454. Subsequent citations to this work will be made in the form, "Letters of Chas. Butler."
[15] Ibid., Dec. 10, 1845, p. 457.
[16] "I am fully persuaded that it is only by addressing myself to the conscience of the people, stirring that up and bringing that to bear, that I stand the slightest chance of success." Letters of Chas. Butler, Dec. 7, 1845, p. 455.

nor and legislature.[17] The letter presented the grievances of the creditors and set forth the following propositions: (a) interest remains unpaid for five years; (b) there is no assurance of when and how the bondholders may expect relief; (c) the revenues of the Wabash and Erie canal are not being used to pay the interest on the loans, but diverted to other channels; (d) it is unjust to make the tolls receivable in a land scrip at par when the market value is only forty cents on the dollar; (e) the bonds are in the hands of trustees, guardians, retired and aged persons, widows, whose reliance for support is on their income and the loss of which falls heavily; (f) the state enjoys prosperity; (g) the times are auspicious for action; (h) "The state cannot be constrained to make payment, in any manner, at the will of the holders of her bonds, however pressing their necessities may be; they are left to depend entirely for the fulfilment of obligations, upon her own sense of honor and justice."[18] This letter was sent by the Governor to the legislature where, according to Butler's own testimony, it was generally favorably received.[19] It showed him at once that there were strong supporters[20] of an honest settlement.[21]

A joint committee of the legislature was created and before this body Mr. Butler was invited to present his proposals. December 19, 1845, he outlined a plan of settlement containing proposals which were in the main an elaboration of his Terre Haute suggestions: a payment of the interest in arrears on July 1, 1846, by certificate which should be payable Jan. 1, 1851, or be funded at that time,

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[17] Letter of Chas. Butler, Dec. 11, 1845. Published in pamphlet form, Morrison and Spann, Indianapolis, 1845.

[18] Letters of Chas. Butler, Dec. 11, 1845, p. 461.

[19] Tippecanoe Journal and Free Press, Dec. 18, 1845; Letters of Chas. Butler, Dec. 12, 1845, p. 464.

[20] Letters of Chas. Butler, Dec. 7, 1845, p. 456.

[21] It was about this time that General Joseph Lane, in the State Senate, said that he would cut cord wood to pay his portion of the public debt, rather than see Indiana dishonored. Nathaniel Bolton, Early History of Indianapolis and Central Indiana, Pamphlet, Ind. His. Soc., Pubs., 1853, p. 27.

at the pleasure of the state with interest from January 1, 1851, at five per cent.; during the same period the bonds to bear three per cent. interest; for this two per cent. should be secured by a tax of three mills on the dollar and a poll tax of seventy-five cents, the other one per cent. to come from the revenues of the Wabash and Erie canal; in case of a deficiency from the revenues of the canal, the shortage should be funded January 1, 1851; the state was obligated to complete the canal to the Ohio river within three or four years; after 1851 the entire three per cent. should come from taxation; for the remaining two per cent., the creditors were to rely on the revenues from the entire Wabash and Erie canal. The proposal expressed the confidence that the revenues of the canal when completed would be sufficient to make up the full five per cent. on all bonds, besides leaving a surplus to be annually applied toward the redemption of the principal.[32] His proposals received the support of Governor Whitcomb in a special message to the Senate.[33] At the following conference[34] of the joint committee, Butler defended his measure in detail.

His letters indicate that the outlook for his cause in the House during the last weeks of December was more hopeful. But of the Senators, he says: "They have ever since I came here made a dead set at me and are constantly raising questions. They want to prevent all action, some from one cause and some from another. They wish to stifle the movement, but it will go on by force of its own intrinsic, mighty moral power."[35] It looks to one canvassing their opposition at the present day very much as though it came from men striving for a better bargain with the state's creditors and doubtless often from persons trying to make poli-

[32] Doc. Journal, No. 21, Part II, 1845.
[33] Governor Whitcomb, Dec. 23, 1845, and Letters of Chas. Butler, Dec. 23, 1845, p. 470.
[34] Conferences of this committee which was composed of twenty-four members were held daily. See Letters of Chas. Butler, Dec. 22, Dec. 23 and Dec. 24.
[35] Letters of Chas. Butler, Dec. 24, 1845, p. 472.

tical capital of the whole matter, while the state was looking for a liberal proposition. A compromise was desired and expected.[26]

Christmas day, after two sessions of the joint committee, that body reported to Mr. Butler its inability to accede to the terms of his proposition. The committee claimed to regard the payment of three per cent. on the whole debt by taxation after 1851 as beyond the ability of the tax payers to meet.[27] Accordingly, Mr. Butler submitted on the following day his second proposition in the nature of a compromise. His plan divided the debt into two parts; one part to be carried by the tax payers of the state, the other by the revenues of the Wabash and Erie canal. It called for the completion of the canal to the Ohio river and placed the entire work under the management of a board of trustees. The joint committee endorsed the proposal and presented a strong plea for its adoption as most favorable to the state.[28] This action transferred the battle to the halls of the two houses. As the session drew to a close the excitement grew more intense. "It excites such a deep and thrilling interest, they cannot talk or think of anything else," wrote Butler.[29] When a rough Hoosier Senator came in on Sunday to discuss this subject with him, he declined to talk.[30] Thereupon the Senator said he thought the matter was "like lifting the ox out of the gutter, and that it was a work of necessity and mercy."[31] This sentiment seemed to accord with Mr. Butler's views, for the following Sabbath, he himself records a conference with Governor Whitcomb for an hour on the moral aspects of the situation. He added in

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[26] Tippecanoe Journal and Free Press, Dec. 29, 1845.
[27] Report of Joint Committee, Doc. Journ., 1845, Part II, No. 21.
[28] Ibid.
[29] Letters of Chas. Butler, Dec. 28, 1845, p. 478.
[30] Mr. Butler was usually very strict in his Sabbath observance. During the forepart of the proceedings he steadily persisted in his church attendance, at a time when all others were given over to conferences and public business generally.
[31] Letters of Chas Butler, Dec. 28, 1845, p. 478.

a letter,[32] "As in Revolutionary times there are no Sabbaths, so it seems to be here in debt paying times."[33]

Two events controlled the actions of the legislature from this point. The ninth of January was the date set for the meeting of the state party conventions, and the legislators were generally unwilling to take definite action until they could obtain an expression of the attitude of their constituents. The fifteenth of January having been set for the final adjournment, all must be done before that time. It seems probable that sentiment was slowly growing favorable to the bill,[34] though in the debates it was much mystified by various interpretations. By one class the altogether mistaken position was assumed that the proposed $800,000 advance by the bondholders was a loan by the state and must ultimately be repaid.[35] This frightened some of the more timid. Dilatory tactics delayed action. Some held that the people would at the conventions express themselves as against present legislation.[36]

The conventions met January 9, 1846. The Whigs promptly took decided ground in favor of paying the state debt as contemplated by the bill before the legislature. The Democrats, on the other hand, were less united as to a course of action on the state debt but finally after a spirited debate committed the party to the support of Butler's proposition.[37] Four days later, however, the Democratic members of the legislature held a caucus at which an amendment to refer the bill to the people at the August elections was adopted.[38] The Democratic majority in the House and the Whig majority in the Senate made it impossible to pass the

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[32] Letters of Chas. Butler, Jan. 11, 1846, p. 486.

[33] Apropos of this phase of the question, on Jan. 4, 1845, Henry Ward Beecher, then a pastor in Indianapolis, preached a strong sermon advocating the cause of payment of the creditor's claims.

[34] Letters of Chas. Butler, Jan. 4, 1846, p. 481.

[35] Tippecanoe Journal and Free Press, Feb. 25, 1847.

[36] Ibid., Jan. 8, 1846.

[37] Letters of Chas. Butler, Jan. 9, 1846, p. 484.

[38] Ibid., Jan. 10, 1846, p. 485; Tippecanoe Journal and Free Press, Jan. 12, and Jan. 15, 1846.

bill as a strictly party measure. Its success, therefore, became dependent upon breaking the caucus agreement, which was done only by the hard work of the Governor and of a few Democratic friends of the bill when it came up in the House on the following morning.[39] The act of settlement when finally passed was a strictly non-partisan measure. Old party lines were temporarily broken, and in many cases new political ties were firmly made, four-fold stronger, says one writer, than those which existed under the old party names.[40]

This act has been generally known as the Butler bill. It divided the public debt into two parts. As to the one part, the state agreed to pay the interest and ultimately the principal out of taxation. For the interest and the principal of the other half, the creditors consented to look to the revenues of the Wabash and Erie canal. To insure the faithful application of these, the canal was placed under the control of a Board of Trustees, one chosen by the state legislature, and two selected by the bondholders.[41] The state did not surrender the work in fee to the bondholders, but, on the contrary, placed the canal in trust for their benefit. The law contemplated no other course save the ultimate payment of that half of the debt from the revenues of the canal and the final return of the work to the state.[42] "If the income," says Mr. Butler, "of the canal turns out to be sufficient to make up the other two and a half per cent of interest, the bondholders and people of Indiana will equally re-

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[39] Letters of Chas. Butler, Jan. 13, 1846, p. 489; Jan. 19, 1846, p. 495; Tippecanoe Journal and Free Press, Jan. 24, 1846. The vote on the final passage was Jan. 16, 1846.

[40] Ibid., Jan. 22, 1846; Jan. 29, 1846; Feb. 5, 1846. O. H. Smith, Early Indiana Trials, p. 70, Cincinnati, 1858.

[41] Two of the trustees were required to be citizens of Indiana.

[42] As late as 1854, a competent observer and writer on economic conditions in the West, says: "It is believed that the canal will again pass into the hands of the state, by the ultimate payment of the whole of her debt." Report on Colonial and Lake Trade, Andrews, p. 314.

joice—the former because they get their full interest and the latter because they pay in full. If the revenues fall short, the bondholders will lose, and if they exceed, the over-plus is to be paid into the state treasury, to be applied to the redemption of the principal." [43] Clearly to all parties the settlement was regarded as final.[44]

A bondholder in order to secure the benefits of the law was obliged to surrender his bonds to the state and secure in place of each $1,000 two certificates one for $500 drawing five per cent. interest to be paid by taxation and another certificate for $500 drawing five per cent. interest, which was payable, principal and interest, out of the canal, its lands and tolls. The former became a state stock and the latter a canal stock.[45] The law gave the bondholders no more control over the canal and its revenues than the state retained. The trustees were given the canal to hold for the mutual security of the state and its creditors. The state reserved to itself the right of regulating the tolls, and at any time in its pleasure to redeem the canal and close the trust by paying the balance on the debt. The unpaid interest from 1841 to 1847 was funded and certificates issued as upon the original principal.

After the passage of the Butler bill it remained to be seen whether the creditors would surrender their bonds and accept the settlement made by their agent. Action was necessarily slow, for a majority of the stock was in England. To gather this and to authorize agents in America to take action in those days of slow communication re-

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[43] Explanation of the Bill by Chas. Butler, p. 86. Morrison and Spann, Indianapolis, 1845.

[44] The later contingency that the canal should completely fail was not contemplated by either party to the bargain in 1846. This must be borne in mind when it becomes necessary to consider the claims of the bondholders against the state after the failure of the canal.

[45] There was the option with the state of replacing each bond with a $1000 certificate and paying 2½ per cent interest upon this from the taxes and another 2½ per cent from the revenues of the canal. In the actual carrying out of the bill the State Agent adopted the plan of two separate certificates.

quired time. Before the terms were accepted a few minor modifications were demanded. Accordingly, upon the assembling of the legislature in December of 1846, Mr. Butler was present to ask for amendments altering the terms of subscription for the extension of the canal to the Ohio river. The earlier act required a subscription of not less than $2,250,000 to complete the canal. The amendment stipulated that the bill should become effective when bonds to the amount of $4,000,000 had been surrendered and a subscription equal to 20 per cent of this or $800,000 for the completion of the canal should have been made. The bondholders demanded furthermore a priority in payment to them of all their bonds surrendered under the new law.

The presentation of these amendments reopened for a brief time the whole question of the payment of the debt. The weakness of the opposition is shown by the tactics resorted to on this occasion.[46] The bill as amended passed without serious opposition January 27, 1847,[47] and nothing further stood in the way of a final consummation of the plan. Mr. Dowling wrote from New York on May 7 that the mails from England which had just arrived contained the acceptance of the terms of the act. By May 11 the bondholders elected their trustees,[48] and before the close of that month $6,353,000 in bonds had been surrendered.[49]

The action of the legislature in enacting the Butler bill was generally very popular at the time,[50] though certain opponents adverted to the bonds fraudulently obtained

[46] "British brokers," "British lawyers," "Tory agent," "lobby influence" were epithets flung at the supporters of the measure. Tippecanoe Journal and Free Press, Jan. 21, 1847; Jan. 28, 1847.

[47] General Laws, 1846-7, Ch. I, p. 3.

[48] Chas. Butler, of New York, and Mr. Thomas H. Blake, of Indiana.

[49] Tippecanoe Journal and Free Press, June 17, 1847.

[50] "The cannon fired, the bells rang, the city was illuminated, and all was joy and hilarity at the capital for weeks afterward." Early Indiana Trials, O. H. Smith. The Senate of the United States endorsed it as the best that could be adopted under the circumstances. Senate Report, No. 86, p. 3, 1847-8.

by the Morris Canal and Banking Company and contended that these ought to be repudiated. In reply, it was held that the state's authorized agent had placed the bonds in circulation; that these had passed to other hands than the original purchaser's; that they had been recognized as binding and such compensation as a bankrupt company could give had been accepted from the Morris Canal and Banking Company; and that the question at issue was to regain the credit of the state.[81] The situation was so similar to the one which called forth Hamilton's famous arguments for the payment of the domestic debts by the Federal Government as to lead to frequent comparisons. In the compromise with the creditors all the conditions of a fair settlement were apparently met. Somewhat more liberal terms for the payment of interest being granted to the state, and its responsibility for one-half the debt, principal and interest, shifted for the time to the canal trustees, while the creditors expected the ultimate payment of the debt in full. As a result business interests profited as quickly and completely as possible from any other plan of apparently complete satisfaction to the creditors. State credit was immediately strengthened. The value of its lands and taxable property increased. The stigma of repudiation and financial dishonor was removed.[82]

## The Administration of the Trust

The Butler bill created a Board of Trustees to administer the trust,[1] and when it met in May for organization, Mr. Charles Butler was chosen its first president.[2]

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[81] Tippecanoe Journal and Free Press, Feb. 26, 1846.

[82] Memorial of Holders of Certificates of Stock, Doc. Journal, Part II, No. 23, 1856.

[1] Sec. 14, Act of Jan. 29, 1847.

[2] Other officers of the board were Jesse L. Williams, of Fort Wayne, Chief Engineer, and J. Ball, of Terre Haute, Resident Engineer. In addition, there were two superintendents to correspond to the two general divisions east and west of Lafayette. Some years later the canal was divided for convenience of superintend-

The newly organized board of trustees was then authorized by the Governor to take possession of the canal and after due formalities received charge of its trust July 1, 1847.[3]

While the public attention was directed largely to methods of settling the debt, the canal commissioners had been slowly pushing the southern terminus forward. Congress accepted the course taken by the state and each time an extension was authorized permitted the state to select lands as granted by the original act of 1827.[4] One of the more popular features of the Butler bill was the clause providing a definite method of accomplishing the completion of the waterway from the lakes to the Ohio river. Both bondholders and citizens seemed to agree on the advisability of the extension from a business standpoint.[5]

Such was the status when the trustees took charge of the canal.[6] They reported at the end of the canal season, in their first annual report, that there still remained unfinished 36 miles between Coal creek and Terre Haute with little work done beyond that section; that the finished parts were already in need of extensive repairs and renewals; and that they were obliged to begin these at a large cost. While the canal was navigable to Coal creek, yet from Lafayette south boats were unable to carry more than two-thirds of

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ence into nine divisions with a superintendent in direct charge of each. The general offices of the Board of Trustees were at Terre Haute. See Annual Report of Trustees, Doc. J., Part II, No. 6, 1847; Dec., 1851, Doc. J., No. 7, Part I, p. 243; Tippecanoe Journal and Free Press, July 1, 1847.

[3] Report of General Superintendent, Doc. J., Part II, No. 11, 1847.

[4] Revised Statutes U. S., Vol. V, pp. 414, 731.

[5] Chas. Butler, Letter to the legislature, Dec. 19, 1845; Tippecanoe Journal and Free Press, March 23, 1842; Aug. 7, 1845; U. S. Senate Docs. No. 202, 28th Congress; No. 78, 28th Cong., 1st Sess.; Ex. Docs., No. 83, 2d Sess. 28th Cong.; Cp. petitions to Congress, Jan. 21, 1843, Jan. 25, 1844, Jan. 13, 1845.

[6] The state still retained the following parts of its internal improvement system of 1836; New Albany and Vincennes turnpike; Northern division of the Central canal; Erie and Michigan canal. All were controlled by a board consisting of the Secretary of State, Treasurer, and Auditor. Auditor's Report, Doc. Journ. No. 2, 1847, p. 78.

a load on account of the poor construction of that section.[7] The work of extension proceeded slowly and the canal was not opened to its final terminus, Evansville, on the Ohio river, until the spring of 1853.[8] When completed it was 458⅜ miles in length.[9]

The period from 1847 to 1856 may be regarded as the hey-day of the canal. Until 1853, there was a steady increase in the income from tolls and water rents and a decreasing annual average cost of repairs and maintenance. The tolls and rents reached $193,400.18 in 1852. This was the highest amount received from this source. From that date the income steadily decreased.[10]

Several factors contributed to a decided falling off in the tolls for 1853. In 1852 the trustees arranged in conjunction with the Ohio Board of Public Works for a 40 per cent.

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[7] Annual Report of Trustees, Doc. Journ., Part II, No. 5, 1847.

[8] Ibid., Dec. 28, 1853.

[9] Late in 1852 the citizens of Williamsport constructed a side-cut and forcibly let the water in this, thus lowering the supply in the main canal. This action was the culmination of an effort to compel the trustees to construct side cuts in accordance with the original plans. The trustees had successfully resisted mandamus proceedings and the citizens then took forcible action. The effect was to seriously and permanently impair the canal south of Lafayette. Cp. Annual Report of Trustees, Doc. Journ. No. 7, part II, 1853.

[10] Summary of tolls and rents during the continuance of the trust and a comparison with the expectations as shown by an estimate of the engineer in 1846:

| | Received. | Estimated Income. |
|---|---|---|
| 1846 | $105,233.33 | $150,000 |
| 1847 | 125,982.00 | 175,000 |
| 1848 | 146,148.90 | 225,000 |
| 1849 | 134,659.00 | 330,000 |
| 1850 | 157,158.38 | 390,000 |
| 1851 | 179,282.76 | 425,000 |
| 1852 | 193,400.18 | 450,000 |
| 1853 | 181,206.98 | 475,000 |
| 1854 | 180,535.33 | 500,000 |
| 1855 | 140,399.53 | 500,000 |
| 1856 | 113,423.47 | 500,000 |
| 1860 | 65,073.83 | 500,000 |
| 1864 | 51,921.32 | 500,000 |
| 1868 | 47,529.69 | 500,000 |
| 1871 | 50,227.26 | 500,000 |
| 1873 | 17,086.94 | 500,000 |
| 1874 | 7,179.61 | 500,000 |

reduction in the tariff of tolls.[11] This action was taken to accord with the policy of the trustees to reduce the cost of transportation to the lowest possible figure and thus increase the popularity of the canal and discourage the tendency towards railroad construction. The year 1853 was one of inferior crops along the canal. In addition to these two factors the following statement in the trustees' report is significant of a more permanent source of loss, "A small portion of the produce and merchandise hitherto taking the canal as its natural channel has this year been drawn off by newly opened railroads."[12] And again, "The anticipated addition to the revenue from the extension of the canal to the Ohio river has not yet been realized."[13] Such was the condition at this critical point. Causes over which the administrative board had no control reduced the revenues by nearly seven per cent. and increased the cost of repairs and maintenance by five per cent.

Again, certain fundamental defects in the canal as a means of transportation turned the tide against it. The season of navigation was limited to less than eight months;[14] storm and flood interfered still further, and interruptions of a fortnight or a month or even two months were common events. Thus the products of the farm and factory were too often forced to lie for weeks tied up in shallow water or stopped by a broken embankment. The canal had in the first place stimulated business enterprises, and now as these grew stronger they demanded better facilities. As a result, dissatisfaction with the canal increased because it was inadequate to business needs. The newspapers abounded in complaints of this character, and with items describing "boats which scraped through," and "boats aground."[15]

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[11] Annual Report of Trustees, p. 5, 1853.
[12] Ibid., Dec. 28, 1853, p. 5.
[13] Ibid., p. 6; Cp. reports for 1849 and 1850, Doc. Journ. No. 11, Part II, and No. 3, Part II.
[14] Average for period 1846-1858.
[15] Evansville Enquirer, May 28, 1856; Tippecanoe Journal and Free Press, June 1, 1843; Aug. 21, 1845; Sept. 4, 1845.

At this juncture when the canal was failing to meet the business demands of the Wabash valley, capitalists from the East began to construct a railroad from Toledo westward, parallel to the canal.[16] Even earlier than this a railroad[17] had been begun from Evansville to Vincennes and built northward toward Crawfordsville and Lafayette.[18] The result was that business men everywhere hesitated to invest money in canal boats; new ones were not built to take the place of those worn out and decayed, and men who had made investments in canal property now got out of the trade. The trustees were helpless, being prohibited by law from all participation in the business of transportation. They could neither own boats nor be concerned in their ownership. This compelled them to rely solely on the enterprise of such private citizens as might choose to embark in this traffic.[19]

The embarrassment of the trustees was greatly increased by a decision of the state Supreme Court compelling them to use the net revenues of the portion of the canal between Lafayette and the Ohio state line to pay the interest on the certificates of canal stock issued in place of the original Wabash and Erie canal bonds. These certificates now claimed a priority over the other bonds issued under the Butler bill. The more serious feature of the decision was that it deprived the board of funds greatly needed for repairs.[20] As a source of revenue, the rental of water power along the line proved a failure.[21]

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[16] The Wabash Valley railroad was completed to Lafayette, June 20, 1856.

[17] Annual Report of Trustees, Jan., 1853, Doc. Journ. No. 7, Part II.

[18] The canal south of Terre Haute was never fairly tested, as the railroad was in course of construction almost at the time of completion of the canal. There were never more than 33 boats used in the navigation of this portion.

[19] Annual Report of Trustees, Jan., 1859.

[20] The more valuable portion of the canal was east of Lafayette and the effect upon the funds for ordinary repairs was disastrous. Ibid., 1853, p. 8; 1856, p. 277.

[21] Ibid., 1850, p. 144.

The trustees' report for 1854 brought the same record of disappointment. A slight increase in the gross tonnage east of Lafayette told in a still more significant manner the effect of railroad competition. Bulky goods like corn, iron, and lumber—articles which paid light tolls—constituted its main traffic. Goods which paid the highest tolls had been diverted to the railroads to save time. "It is in the diversion of this class of business that the revenues are likely to be impaired by the railroad system," the trustees wrote.[22] Another consequence of railroad competition appeared almost at once. Since 1843, when packet lines of boats had been placed on the canal to take care of the passenger traffic, this had grown to be a popular and valuable part of its business. The railroads now did this so much more satisfactorily to the traveling public that the packet lines were entirely withdrawn.

For 1855, the canal tolls decreased 50 per cent from the preceding year. Year by year recorded in rapid succession the passing of one product after another from the control of the canal. Hitherto, hogs dressed and packed along the route had sought eastern markets, but with rapid transit appeared at once the centralization of this industry. Dressed hogs were sent in large quantities from Lafayette, Terre Haute, and Evansville to Cleveland by railroad, there to be cut and packed. In turn, pork in barrels and tierces were returned by the packers to the various starting points, destroying the business of local packers.[23]

In spite of an effort to retain business by a still further reduction of tolls the total tonnage rapidly declined more than one-half in four years.[24] As the trustees put the mat-

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[22] Annual Report of Trustees, 1854, p. 807.

[23] Ibid., 1856, p. 120.

[24]
1855.....total tonnage, 252,152
1856..... " " 308,667
1857..... " " 149,473
1858..... " " 200,472
1859..... " " 137,819

Ibid., 1855, p. 120.

ter, "The results of the year's business show too plainly that the canal cannot successfully compete with the railways for that class of traffic, which from its greater value in small bulk and weight can afford to pay a greater charge for transportation." [25]

Public interest in the canal rapidly waned. The merchants had come to realize that the railroads afforded them a quicker, cheaper, and more certain communication with the eastern cities. Of a particular consignment by railroad it was said, "The time consumed in the carriage was marvelously short and comparison of freight bills quite satisfactory to a due sense of economy." [26] For weeks before the railroad was completed to Lafayette, drovers held back their stock for the new transportation.[27] In the month of August, 1856, during one period of 24 hours, the Wabash railroad carried into Toledo one hundred carloads of farm products.[28] Corresponding losses resulted for the canal. A further decline of fifty per cent in tonnage came in 1857.[29] The clearances at Fort Wayne and Lafayette scarcely amounted to one-fourth of those issued at the same points in 1854.

South of Terre Haute the disparity between the receipts and expenditures was so great as to force the inquiry whether the work could be longer maintained.[30] The following year, 1858, the holders of the canal certificates joined in the recommendation that the canal be suspended south of Terre Haute and petitioned for legislative relief giving the trustees the right to sell the canal lands and receive for them the certificates issued for the $800,000 advance.[31] The

[25] Annual Report of Trustees, 1856, p. 276.
[26] Lafayette Daily American, June 12, 1856.
[27] Ibid., May 17, 1856.
[28] Ibid., August 23, 1856.
[29] Report of Engineer, 1857-8, No. 3, Pt. I, p. 350.
[30] South of Terre Haute—Expenditures, $40,556.86; revenues, $7,998.35. North of Terre Haute—Expenditures, $5,694.46; revenues, $60,165.08. See Annual Report of Trustees, 1857, p. 175.
[31] There were 135,000 acres of unsold land in this section, valued at $276,713.30. Annual Report of Trustees, 1858, pp. 286, 289.

trustees asserted that the canal as a whole could no longer operate as a security for the bondholders nor could they have any interest in it as such.[32]

The worst phase of the canal's decline in business arose from the loss of the return cargo. Boats from canal points to Toledo found an abundance of bulky products with which to load but they were forced to return empty because the more valuable merchandise bound westward had been diverted to the railroads.

The canal creditors held the state responsible for the destruction of the trust. "Caused by the authority given to private individuals to compete for the business of transportation" was their indictment.[33] They held that by the statute authorizing private companies to construct railroads the state had deliberately destroyed the very trust it had pledged its faith to maintain inviolate; that this act obligated Indiana to pay the bonds. This claim was a bitterly controverted one. The creditors argued in a memorial dated March 6, 1857, that the state had induced their acceptance of the terms of the act of 1847 under representations that this was to remain the channel of transportation for the Wabash valley, subject only to the competition of the Wabash river. That the failure of the canal had not been due to natural causes as extravagance, failure to complete the canal, nor to a less rapid increase of population than was expected, nor competition with the river; but to the state's action in authorizing railroads. "Neither natural causes nor depreciation arising from the creditors' own acts but deliberate acts and authorization by charter to railroads had ruined the creditors' security." The memorialists did not question the right or spirit of the legislature's action, but held that the state in choosing such a course did so at its own cost and not at the cost of others; that it could not ignore interests which it had already created nor impair securities which it had guaranteed from molestation and

[32] Annual Report of Trustees, 1858, p. 282. [33] Ibid.

wrong; that in cases of this kind the state was bound to make reparation."[34]

In the consideration of this question it must not be forgotten, on the other hand, that the creditors took the canal with the usual trade risks. As Mr. Butler, in seeking to induce the legislature to accept his proposals, had said, "If the revenues fall short the bondholders will lose." To be sure, if the canal had been a successful enterprise, the state would have realized all the benefits, while the bondholders could have received no more than the principal and interest of the debt. Still both parties were satisfied with the settlement of 1847 at the time it was made and regarded it as final. Nothing in that agreement could bind the state to neglect to provide for the development of its own resources and to open new channels of communication absolutely essential to the welfare of its people in order to preserve an antiquated public work. That there was no legal obligation of the state under such circumstances there can be no doubt. That question has been thoroughly considered by the Supreme Court in the case of the Charles River Bridge Co. vs. Warren Bridge Co.[35] As to the moral obligation of the state to reimburse the creditors because it had destroyed their security in order to profit by a new system of transportation, there may be a difference of opinion, but the prevailing practice to-day is against recognizing such an obligation. At all events, the state completely ignored the claims of the bondholders, and took prompt action to make it more difficult for future legislatures to recognize any obligation.

At the time of the debt settlement in 1847 one hundred and ninety-one old Internal Improvement bonds, issued between 1832 and 1842 for the construction of the Wabash and Erie canal, were not surrendered and canal certificates taken in their stead. That is, these had not accepted the terms of the Butler act. Representatives of these now

[34] Annual Report of Trustees, Doc. Journ., 1857, Part II, No. 3.
[35] Cp. the opinions of Taney, McLean, and Story in the famous case of Charles River Bridge vs. Warren Bridge, 11 Peters, 420.

brought suit in the Circuit court of Carroll county to enforce a lien against the canal.[36] To allow the enforcement of the lien was to deprive the canal stock holders of their trust by state action and consequently force the state to a settlement with them. That is, so far as the half of the debt resting on the canal was concerned, to go back to the status of 1846. This was just what the state authorities desired most to ward off. The legislature hastily assembled and made provision for the payment of the old unsurrendered bonds.[37] The whole matter caused considerable alarm, in view of the inevitable failure of the trust, lest by some means the state might be forced to assume again the canal certificates as a part of its debt. To forestall such an action an amendment to the constitution was ratified in 1873. This forbade the passage by the legislature of any law or resolution which should recognize any liability of the state to pay or redeem any of the canal certificates.[38]

In 1858 the trustees were called upon to meet a large deficit, which was done by using the proceeds of lands belonging to the trust.[39] But, at best, this was only a temporary expedient.[40] As a climax an injunction was sued for in the following year to restrain the trustees from using any funds but tolls and water rents for repairs. The granting of the injunction forced the trustees to use the proceeds of the lands to the payment of the bondholders' advance for the extension to the Ohio river.[41]

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[36] Forty-one of these were held by John W. Garrett, of Baltimore, who brought the suit. Doc. Jour. Ind., 1870, Part II, No. 10.

[37] Act approved Dec. 12, 1872.

[38] Ind. Doc. Jour., 1872, No. 7; Annual Report of Trustees, 1870, Part II, No. 6; ibid., 1874, p. 6; Poore, Charters and Constitutions, Part I, p. 527.

[39] Tolls and water rents for 1858 were $63,996.44; expenditures were $143,824.56; deficit amounted to $79,828.19. Annual Report of Trustees, 1859, p. 287.

[40] There remained unsold in the Vincennes district 135,000 acres of land valued at $276,713.30, and in addition $66,457.48 was expected from principal, interest and unsold lands belonging to the districts east and west of Lafayette. Annual Report of Trustees, 1859, p. 286.

[41] Ibid., 1858, p. 294.

Strenuous efforts were made to curtail the expenses of administering the trust. Employees whose services could possibly be dispensed with were dismissed and other salaries were lowered, but without the means to make the needed repairs in the spring, the canal was useless. Only the enterprise of a few citizens advancing money for repairs made it possible to operate the canal during 1859. These took contracts to make repairs, accepting the tolls and rents as their security.[42] This policy was extended in 1860 by granting these citizen-contracts by sections for a term of four years. It was hoped that in this way there would be formed such a league of business men interested in the canal as would make possible successful competition with the railroads. The eastern section paid the contractors very well but before the end of the first year those on the southern section applied for release.[43] An attempt was made to keep open the portion from Newberry to Terre Haute but in 1862 it became necessary to abandon the entire canal south of Terre Haute.[44] The rapid decline in its traffic is partly illustrated by the falling off in the number of boats employed. Two-thirds of those employed in earlier years were now decaying in the docks or entirely destroyed.[45]

Other attempts were made to sustain navigation on the canal. In 1862 a contract was made with a company[46] to maintain the portion from Terre Haute to the Ohio state line until 1873 on the same terms as the earlier contracts.[47]

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[42] Annual Report of Trustees, 1859, pp. 294-5.

[43] Ibid., 1860, p. 273.

[44] One year the city of Terre Haute gave a firm $1000 and the tolls to maintain a short section between that city and the Eel river as a municipal enterprise. An effort was made in 1862 to keep up the 40 miles of canal to Washington for the benefit of local merchants by means of voluntary contributions. Annual Report of Trustees, 1862, p. 457.

[45] The number of boats employed in 1854 was 300; for 1858, 175, and for 1861, 100. Annual Report of Trustees, 1861, p. 385.

[46] Hugh McCulloch, Alfred P. Edgerton and Pliny Hoagland constituted this company.

[47] That is, for the tolls and water rents.

Financially this could no more succeed than the earlier attempts. Repairs not immediately required were neglected, and the canal gradually deteriorated. In the spring of 1866 these gentlemen admitted their inability longer to maintain the canal without increased capital and extended repairs beyond their ability. Accordingly, a stock company was at once formed, composed of business men willing to subscribe stock. The capital stock was $200,000.[48] The company agreed to maintain the canal until July 1, 1878. Such a contract was for all practical purposes a surrender of the trust to this company for a term of years. It collected the tolls and rents and disbursed them. The trustees reserved merely a control over the tariff of through traffic tolls. So far as the creditors were concerned there was no longer any object in the existence of the trust, unless the arrangement should be successful enough to make the canal profitable after the expiration of the contract in 1878.

The immediate result of interesting so many in the success of the canal was to greatly stimulate its activity for three or four years, but no business man would long sacrifice his need for more rapid shipping facilities to sustain artificially an unpopular enterprise.[49] After 1869 the company lost money each year that it attempted to keep the canal open.[50] By 1873 through traffic was impossible. "The canal," the trustees wrote, "has been less productive of revenues, and conferred less benefit upon the country and its shipping interests than during any preceding year."[51] The disconnected sections could not have been kept open during 1873 except for aid given along the line.

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[48] Three hundred and seventy-nine individuals subscribed $158,525 capital stock. The company was represented by a board of managers of one for each $10,000 of stock. From this board an inner executive committee was selected and a general superintendent chosen.

[49] Report of Trustees, 1867-8, p. 3; 1869-70, p. 5.

[50] The status of a canal having no deep water connections at both ends is quite different in competition with railroads from one like the Erie or the Sault Ste. Marie.

[51] Report of Trustees, 1873, p. 6.

The legislature at its session in 1873 authorized counties along the route to subscribe funds to its aid. Under this law a sum sufficient to keep the canal open for the year was secured,[53] yet even this relief was but temporary. The canal company had lost so heavily [54] that it intimated at the end of 1873 the intention of abandoning its contract, and, accordingly, did not reopen the canal in 1874.[55]

During 1874 the trustees, on their part, made no attempt to do more than protect the property and maintain navigation as far as the tolls and rents would allow.[56] The canal was in a bad state of repair. Locks everywhere needed rebuilding, and the entire canal required a thorough dredging.[57] The engineer estimated that $500,000 would be necessary to put it in shape for further use.[57] Traffic had become purely local.[58] It was clearly recognized that the trust must fail and the canal be abandoned entirely.

The bondholders, hopeless of securing any recognition from the state, with a bankrupt canal on their hands, brought suit in the United States Circuit court to secure the sale of the canal for the benefit of the stockholders. This did not, of course, apply to the portion of the canal in Ohio which had, since its construction, become a part of the Miami and Erie canal system. That is, the Ohio portion of the Wabash and Erie canal, a strip twenty miles in length, was for administrative purposes a part of the Miami canal, and until 1861 was under the management of the Board of Public Works, when, in conjunction with

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[53] The counties subscribed $50,000, and $40,216.15 was expended on the canal. Report of Trustees, 1873, p. 3.

[54] The Canal Company expended, 1866-1874, $436,345.52 for maintenance; it received in tolls and rents $274,019.41, together with $40,216.13 from county donations. There was a loss of $122,109.98. Report of Trustees, 1874, p. 4.

[55] Engineer's Report, Ex. Doc. No. 14, Part II, 1874, p. 16.

[56] Annual Report of Trustees, 1874, p. 3.

[57] Ibid., p. 22.

[57] Report of Engineer, 1874, p. 10.

[58] Ibid., pp. 10-15.

Ohio's other canals, it was leased to a company for ten years. When the Wabash and Erie canal was abandoned in 1874 the Ohio section was in good condition and repair, but the abandonment in Indiana practically destroyed that in Ohio as far as the junction and depreciated greatly the value of the canal from that point to Toledo. For some years a short spur westward from the junction to Antwerp, Ohio, was operated. That state complained bitterly of Indiana's failure to maintain her part of the canal as a breach of the compact made with the United States and with Ohio itself.[59] The suit of the Indiana bondholders, just referred to, took the form of enforcing a lien against the property pledged for the payment of the certificates.[60] As a result the court ordered the sale of the canal. The accounts were transferred to the court and a receiver was appointed. The property with the right of way and lands was sold to speculators,[61] but no attempt was made to repair and maintain the canal. The water-power at several points continued for some years to furnish a small income to its purchasers. The canal rapidly fell into complete ruin. The bondholders received from the sale about 9½ per cent. of their investment.[62] Various suits over land title made the process of closing the receivership a tedious matter.[63] As a money-making institution the canal had

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[59] Ohio Ex. Docs., 1857, Pt. I, p. 467; ibid., 1858, Pt. II, p. 112; ibid., 1862, Pt. II, p. 575; ibid., 1874, Pt. I, pp. 574-575; ibid., 1875, Pt. II, p. 689; ibid., 1881, Pt. I, p. 1083; and Cp. Annals of the Am. Acad., IV, Part II, p. 34.

[60] Gapen vs. Trustees, filed Nov., 1874.

[61] Canal sold, Feb. 12, 1877.

[62] 1854—Trustees paid bondholders 20 per cent instalment on $800,000 subscribed to complete the canal.
1855—Trustees paid 10 per cent instalment.

| | |
|---|---|
| Received from sale of canal | $96,260.00 |
| May 23, 1878, first dividend, 8 4-10 per cent | 66,033.25 |
| Second dividend, 1 1-8 per cent | 8,174.08 |

[63] Receiver's petition for discharge accepted Oct. 2, 1897.

failed.[64] Its economic, social, and political influence remains to be considered.

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[64] Fiscal Summary, Wabash and Erie canal.

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|---|---|
| Expenditures: | |
| For construction to July 1, 1847 | $4,062,573.14 |
| For construction, July 1, 1847-Dec. 1, 1874 | 2,375,236.62 |
| Paid in interest | 605,370.93 |
| Ordinary repairs | 631,000.05 |
| Extraordinary repairs | 211,411.11 |
| Salaries and office expenses | 373,652.18 |
| | $8,259,244.03 |
| Receipts: | |
| From lands and revenues to 1847 | $1,573,106.33 |
| From lands and revenues, 1847-1874 | 3,904,132.08 |
| | $5,477,238.41 |

## CHAPTER III

### INFLUENCE ON THE DEVELOPMENT OF THE OLD NORTHWEST

It is only within recent years that historical writers have given proper consideration to the influence of physical geography upon national history. The general relation between natural routes of trade and travel, and national expansion is now quite fully recognized. Writers have repeatedly emphasized the basic principle underlying the territorial growth of the United States: that migration, settlement, and the succeeding commercial and social communication have taken place along those lines which offered the least resistance to such movements; that these physical factors have not only determined the location and course of the westward movement, but by facilitating communication they have bound section to section and have hastened the assimilation of inflowing foreign population. But very little has been done to present adequately the influence of individual highways like the Erie canal,[1] the Pennsylvania State canals and inclined tramways between Philadelphia and Pittsburg, the National road,[2] and the Chesapeake and Ohio canal,[3] or rather the earlier routes which suggested these later artificial works. Moreover, almost nothing has been written of the western connections of these highways.

In any attempt to write the history of the Old North-

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[1] Poor's Railroad Manual, 1876-7 and 1881. The Canal System of New York, McElroy, 1881. Mervin S. Hawley, Origin of the Erie Canal, Pamphlet, Buffalo, 1866.

[2] T. B. Seabright, The Old Pike, 1894.

[3] Ward, The Chesapeake and Ohio Canal, Johns Hopkins University Studies, 17th Series, 1899.

west or indeed of the larger middle West,[4] it does not suffice to trace the inflow of the immigrants through the great Appalachian gateways. The story is but half told when the population is carried across the great eastern mountain barrier separating the Atlantic coast settlements from the broad expanses of the interior plains. There are certain distributing forces which must be taken into account. The tide of westward movement flowed now faster now slower, now hither and now thither for very definite reasons. At one time the flow is far around into the interior by circuitous routes,[5] again it sets directly across the mountains into the Ohio valley by central routes,[6] and finally it pours steadily into the north of this territory by the Erie canal and the lakes. From whichever gateway the settler entered, he always found some valley or some navigable waterway to invite him to push onward.

The Wabash route formed one of these natural highways. To the French colonial system which involved magnificent distances it was of the utmost importance, offering a direct course for travel and trade between its empire on the Mississippi and New France. The French colonies never became vigorous, self sustaining, and economically independent settlements; but the degree of stability attained and the marvelous rapidity with which French institutions swept over the great valleys of the West were only possible where interlacing water-courses made communication from post to post both easy and speedy. It is not too much to assert that the physical geography of North America was the greatest factor in determining the history of French colonization in the new world.[7] It is,

[4] The valleys of the Mississippi, the Missouri and the Arkansas invite the same consideration of the influence of individual natural and artificial highways, with this difference, that coming late in the era of expansion the emphasis should be placed almost wholly on great interstate lines of railroad.

[5] By the Ottawa river and the upper lakes.

[6] The Potomac route or the Pennsylvania overland trail.

[7] N. Y. Col. Docs. V, pp. 726-7.

however, to be noted that all the interior waterways were to the French only canoe courses and as such never came to carry any considerable volume of trade. It is not the volume, but the fact of any trade and communication at all that is significant. The movement of merchandise for Indian barter and of the inhabitants between trading posts and missions was obviously essential to any economic progress or to any centralized political system.

Such routes were immensely more important in the era that preceded the construction of railroads than in the years since these have, in a measure, overcome the influence of physical barriers. A century or more ago, a river or a sea coast was a boon of great value to a country, far beyond their present significance. The physical geography of the great valleys is the key to the French method of occupation in America. Its great interlacing waterways drew the hardy adventurous voyagers ever farther inland until a great empire was held under an attenuated colonial system. These nature-made canoe paths invited the settler to the less arduous, more romantic life of the trader instead of the planter. The sturdy husbandman of the English colonies became with the French the *coureur de bois*.

When the English came to possess the great interior territory and to plant homes in the place of the trader's post and the priest's mission, the value of the commercial routes increased rapidly. Elsewhere it has been shown[8] that the Wabash and Maumee rivers connecting a chain of trading posts and settlements[9] were in continuous use by the English in the brief period in which they possessed that territory. The British occupation of the frontier posts for many years after the Revolution and the hostility of the neighboring Indians, doubtless due in part to the instigation of emissaries from the English posts, turned the

[8] See ante p. 31.
[9] Detroit, Fort Miami, Ouiatanon and Vincennes.

western immigrant away from the lake region for many years.[10] Indeed, with the American Revolution the Wabash route ceased for a long period to exert any considerable influence in a political sense, limited as the trade must have been to the trapper and fur dealer. Other channels took its place in directing the course of immigration and the rising commerce. The bulk of traffic moved by Pittsburg to the Ohio valley until the construction of the Wabash canal gave this route once more its former prominence.

The Old Northwest territory is peculiarly adapted to the development of a system of canals. The broad strip stretching between the Ohio river on the south and the lakes in the north is to a remarkable degree void of elevations deserving the name of mountains or even, with some exceptions near the border to the east and south, of prominent hills. Throughout it is a vast plain with sluggish streams. Broad alluvial valleys follow the larger streams and invite the construction of canals and railroads. Over a large portion the inclination is so slight as to necessitate drainage to make agriculture profitable. Through such a country canal construction was naturally economical. Few locks were necessary. Material like timber and stone was close at hand.[11]

The friends and promoters of the Wabash and Erie canal understood clearly the influence such a work would have on the development of the Northwest. Prophecies were abundant.[12] Everywhere the same high expectations for the future of the region, if the canal should be constructed, were expressed. The messages of governors became almost panegyrics in their recommendations to the legislatures. Legislative committees issued long reports on the subject. Aspiring politicians and members

[10] Justin Winsor, The Westward Movement, p. 412.
[11] H. S. Tanner, A Description of the Canals and Railroads of the United States, New York, 1840.
[12] Tippecanoe Journal, July 28, 1842; Toledo Blade, June 17, 1842.

of Congress alike indulged in wild and extravagant assertions of the inevitable benefits to accrue to the commonwealth from the construction of the canal. Such was the general enthusiasm at the start.

It was not long after its construction, before the Senate Committee on Public Lands bore testimony to the fact that the building of the canal had enhanced the value of real estate, increased greatly and rapidly the population, promoted agricultural industry because it was now better rewarded, and facilitated and fostered commerce between the states.[13] But better than the assertion of the Federal Senate committee are the records of the United States Census and Public Land Office for the district of Indiana. The rapid increase of the value of real and personal property in the state during the years marked by the rise of canal traffic is clearly shown by these documents.[14] A period of twenty years, 1840 to 1860, marked an increased valuation of more than five-fold. Again, the average annual public land sales in Indiana point to the same rapid development.[15] During one year, 1836, when popular enthusiasm was at its highest more than three million acres of land were sold.[16] Perhaps these facts can be taken as indicating economic influences in a general way. Naturally the land sales reached a maximum at an early period, while the wealth of the state became more conspicuous in

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[13] Senate Document, No. 202, 28th Cong., 1 Sess., Vol. IV, March 18, 1844.

[14] Real and personal valuation in state:

| | |
|---|---|
| For 1840 | $100,000,000.00 |
| For 1845 | 120,000,000.00 |
| For 1850 | 202,650,264.00 |
| For 1860 | 528,835,371.00 |

See Preliminary Report, Eighth Census, p. 195; Niles' Register, March 20, 1841, Vol. X, p. 40.

[15] Average annual land sales by periods of five years:

| | | |
|---|---|---|
| 1820-24 | 199,931.35 | acres. |
| 1825-29 | 233,898.59 | acres. |
| 1829-34 | 561,194.22 | acres. |
| 1834-39 | 1,441,354.33 | acres. |

See Ex. Doc. U. S., 1 Sess., 26th Cong., Vol. III, No. 120, p. 8.

[16] 3,016,960 acres. See Tenth Census, Vol. VII, p. 618.

the years when the canal trade had had an opportunity to develop. The fact must not be ignored that these statistics are for the entire state, though the greater proportion of the land sales were in the Wabash valley.[17] Other states have developed as rapidly, but not without natural or the equivalent artificial aids for travel and trade.

It would be a mistake to attribute this rapid growth wholly to the Wabash and Erie canal, or to the system of improvements in Indiana. The completion of the Erie canal opened the West to the East, doing more than any other one factor to stimulate such a movement of the population. The Wabash canal like the Ohio canals was merely a branch of a great trunk system of which the Erie canal and the lakes were the main stem, turning home-seekers and business into Indiana instead of elsewhere. The Ohio canals did as much for Ohio.[18] This relation between the Erie canal and the western canals is illustrated in Governor Clinton's correspondence with Major Stickney. The latter had communicated to Clinton in 1818 his project for the Wabash canal. Governor Clinton replied with considerable enthusiasm, "I have found the way to get into Lake Erie and you have shown me how to get out of it.....You have extended my project six hundred miles."[19]

When the first work of construction was begun the upper Wabash valley was a wilderness,[20] but within a decade following it was peopled with industrious and enterpris-

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[17] Ex. Doc. U. S. 1 Sess., 20th Cong., No. 120, p. 4.

[18] The Miami canal connected Cincinnati with Toledo; the Ohio joined the Ohio river at Portsmouth with Lake Erie at Cleveland. Shorter branches completed the network. These two main lines crossing the state distributed business and population more evenly.

[19] H. L. Hosmer, Early History of the Maumee Valley, p. 23. The portion quoted is from MS. autobiography of Major Stickney.

[20] Lafayette Free Press and Commercial Advertiser, Feb. 6, 1835; Committee on Canals and Internal Improvements, House Journals, 1835; Statistical Atlas, Ninth Census, U. S., Plate XVI; Knapp, History of the Maumee Valley, p. 337.

ing citizens from various localities.[21] The counties bordering on the canal route, having a total of scarcely 12,000 inhabitants at the time the canal was first opened,[22] contained at the close of a decade a population of 60,000 and grew within the next ten years to have 150,000 people.[23] While the broader belt including all the region served by the canal had by 1840 a population, according to an estimate from the official reports of the state, of 270,000 persons, averaging 12½ to the square mile.[24] In the three years which followed the completion of the first section from Ft. Wayne to Huntington[25] five new counties were organized along the route.[26]

The canal counties show the same relative increase, whereas counties well away from it, though showing the natural increase incident to new countries and to such facilities of trade as were offered, did not increase in nearly so high a ratio. Taking Noble and Huntington counties as typical cases, the difference in the rapidity of development is noteworthy. Huntington county was a canal county. Noble, on the other hand, was well outside of the canal district but offered far better natural advantages. For the years 1840 to 1850 the rate of increase in Noble county was 190 per cent. as opposed to 397 per cent. in Huntington county; and this is to be regarded as an extremely conservative case. Comparison can fairly be made with only such counties as were at the same stage in their development. The entire state was benefited more or less directly by the Wabash and Erie canal, and so general was the system of internal improvements in the Northwest that it is impossible to find a county with average natural

[21] George W. Ogden, Letters from the West, pp. 80, 81; Steele, Western Guide Book and Emigrant's Directory, pp. 1-26; Steele, A Summer Journey in the West, pp. 78-84.

[22] 1835. [23] U. S. Census, 1830, 1840, 1850.

[24] H. S. Tanner, A Description of the Canals and Railroads of the United States. [25] 1835-1838.

[26] Whitely, Adams, Wells, Wabash and Howard. Four others, Clinton, Miami, Huntington and Grant, had been organized since the act of 1828 had determined the location of the canal.

advantages entirely uninfluenced in its development by such works.

To a certain extent, the canal, making possible the increase of the population in the region it traversed, then supplied the increase. An examination of the immigration statistics shows beyond a doubt that certain influences stimulated immigration to the United States during certain years and inferentially these were, in part at least, the opportunities in America—opportunities enhanced in their value by the increased facilities of transportation. Of the latter the Erie canal is the most important single work, but its western connections were proportionately valuable and may be regarded as of importance in the ratio of a part to the whole. During the year 1821, 42 per cent. of the immigrants entering the United States passed in through New York. Seven years later when the Erie canal had begun to exert an influence on the course of migration the proportion for the various ports shows a marked change.[27] Boston, Baltimore, and Charleston had slightly fallen off. New Orleans, while yet having a small absolute number had increased threefold, Philadelphia had doubled its number and stood second, while New York had increased its numbers almost five times in seven years and received 68 per cent. of the total.[28] In the subsequent years, though the total immigration fluctuated much with varying causes checking or increasing emigration from Europe, yet the proportion entering New York continued to hold its own.[29]

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[27] Annual Report of the U. S. Superintendent of Immigration, Washington, D. C., 1892, p. 34.

[28] This does not include the scattered immigration entering the lesser ports.

[29] The percentage passing into the various ports was as follows:

| | 1830 | 1835 | 1840 | 1845 | 1851. | |
|---|---|---|---|---|---|---|
| New York | 58 | 73 | 69 | 67 | 74 | per cent. |
| Boston | 6 | 7 | 6 | 9 | 6 | " |
| Philadelphia | 8 | 4 | 5 | 5 | 5 | " |
| Baltimore | 17 | 8 | 8 | 6 | 2 | " |
| New Orleans | 10 | 8 | 12 | 13 | 13 | " |

On further examining the distribution of the immigrants entering New York, it is found that 30 per cent. passed into the group of states served by the Erie canal and its western connections.[20] The various routes aided in the distribution of this continual inflow. Foreign immigrants, unlike interstate movers, do not have their teams and wagons for overland travel but must take the means at hand. This is particularly true in the case of European immigrants coming as laborers without families.

There is further evidence that this movement of population took place. The census atlas of 1870 shows a foreign born population from 1 to 4 persons to the square mile. In parts, as around Ft. Wayne, the number increases to 8 and 10, and along the canal route eastward continues the same. Plate XXV further represents graphically that the course of settlement by foreigners was along this and other trade routes.[21] Back from this particular canal the density of the foreign born population is considerably less, being in fact less than one person to the square mile. Among the immigrants to the Wabash and Maumee valleys, the Irish and Germans predominated; the former came to a large extent as laborers on the canal during the period of construction.[22] From Ft. Wayne to Toledo from 8 to 15 per cent. of the total population were Germans. Around Lafayette from 4 to 8 per cent. of the population were Irish. Elsewhere along the route the proportion was less, being for both German and Irish from 1 to 4 per cent.[23]

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[20] This estimate is from the records for 1855. It is certain that earlier statistics would be more favorable for the purpose of this study, for then the field of distribution was smaller. Ohio, Indiana and Michigan were the main states receiving immigrants in the years from 1820-1840, whereas now the field has broadened to include Ohio, Indiana, Michigan, Illinois, Wisconsin, Minnesota and Iowa. The following year the proportion was 28 per cent. See Annual Report of the Commissioners of Immigration, New York, 1870, p. 146.

[21] Census Atlas, 1870, Plate XXV.

[22] Report of Chief Engineer, Doc. Journal, Indiana, 1835, No. 18.

[23] Census Atlas, 1870, plates.

In perfect accord with the conclusions above are the assertions of numerous early settlers whose presence and business connections with the canal make them competent witnesses. One writes, "Nearly all immigration from the East came in by the canal. It was the thoroughfare to the West." Another, "All the immigrants from the East came in by the canal; the boats would take grain to Toledo and bring immigrants and their goods by the hundred."

The canal's influence in inducing an interstate migration was greater than it was as a carrier of foreigners. The larger part of the population of the region are American born. Many came from the southern part of the state attracted by the opening of the northern part. In addition, the north-eastern states and Pennsylvania, southern Ohio, Kentucky, Tennessee, Virginia, Maryland, and the Carolinas, all contributed in large numbers to the population.[84]

The canal made possible the increase of the population by enabling the settlers to find markets for their surplus products. Where one family could formerly eke out a bare and irregular subsistence by the self-sufficing methods of frontier economic conditions, under the regime of easy communication with markets and the consequent multiplication of activities and the subdivision of labor several families now found space for a far better livelihood. Without the canal the development of the interior portions of the Northwest must have waited the era of railroads.

Obviously by this rapid increase of a rural population agricultural conditions were vitally affected. It has been asserted that there was no agriculture in the country before the construction of the canal. All evidence shows that it was, at least, conducted on a small scale. Where formerly production was limited to supplying home consumption it now began to send its products to eastern

[84] Cox, Recollections of Early Settlements of Wabash Valley.

states. Larger farms took the place of the small clearings. Lands that before were not considered worth cultivation were now cleared, drained, and brought into use. The increased area included in a single farm and the ready sale at the enhanced prices of its products led to the introduction of improved machinery.[35]

Whereas before it was necessary for the farmer to produce a greater variety of products in order to supply by domestic manufacture his family's wants, it now became possible for him to limit his attention to a less number of products and to make these such as his climatic conditions and soil made most profitable. The Indiana farmer now began to regard wheat and corn as his staple products. In 1844 there was shipped out of Toledo, coming from the Maumee and Wabash valleys, 5262 bushels of corn. Two years later this out-put increased a hundredfold and in 5 years more it amounted to 2,775,149 bushels.[36]

Various industries aside from agriculture were promoted to a marked degree. Industrial activities at the beginning of this period sufficed for scarcely more than to supply the settler's own necessities in food and clothing. One of the first plans of the projectors of the canal was to furnish industries with the surplus water power at various points along the route. And immediately after its construction took steps to rent this water power. The result was to enable numerous private individuals to build mills dependent on the canal for power. Some idea of the variety and extent of this impetus to pioneer manufacturing may be obtained from a statement made by the trustees concerning this phase of the canal's service:

"This year water power was used by nine flouring mills, eight saw mills, three paper mills, eight carding and fulling mills, two oil mills, one iron blowery and forge.....

[35] Based on statements by those participating in this development.

[36] That is, 555,250 bushels of corn in 1846 and 2, 775,149 bushels in 1851. See James L. Barton, A Brief Sketch of the Commerce of the Lakes, p. 80; Andrews, Report on Colonial and Lake Trade, pp. 56 ff.

the improvement of which will tend to develop the resources and advance the wealth of this portion of the State. It is in this light, chiefly, that the leasing of water power on any portion of the canal is sanctioned. As a source of direct revenue, it is of but little consequence."[37]

Everywhere the canal, while not always furnishing the sole source of water power, made trade conditions such as to support varied industries. The flouring mills at Logansport, Delphi, Wabash, Lafayette, Huntington, and Ft. Wayne are especially noteworthy in this connection. At Delphi two paper mills were run by water power. Pittsburg[38] contained grain elevators, foundries, and woolen mills. Every town had its warehouses for grain and pork.[39]

Large warehouses, long since abandoned are not an uncommon sight along the old canal bed to this day. Buildings, once standing on the bank of the canal where now no trace of such a work is to be found, still proclaim by half obliterated signs that here were received imports of teas, coffees and spices, cloth of domestic and foreign manufacture.[40]

By the very cheapness of canal transportation certain industries dependent on bulky raw materials were developed. The canal ran through a heavily forested tract and at once became the highway for handling fire-wood. Similarly the manufacture and shipping of lumber was begun and maintained for a long time on an enormous scale, while the quarrying of stone and the manufacture of lime became prominent sources of wealth.[41]

Along the north line of the canal a strip of country from fifty to one hundred miles in breadth was tributary to this trade route. On the south the belt extended forty to sixty miles. "Thirty-eight counties in Indiana and nearly

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[37] Annual Report of Trustees, 1851, p. 144.
[38] Not even a way station on Wabash railroad to-day.
[39] Stated on authority of residents of the various localities who were eye-witnesses. Cp. Lafayette Morning Journal, Sept. 10, 1899.
[40] Notably in Fort Wayne.
[41] Stated on the authority of numerous early settlers.

nine counties in Illinois including an average area of 22,000 square miles" were directly affected by the canal.[42] The farm produce of southern Michigan found its way to the canal at Ft. Wayne over a plank road sixty miles in length.[43] All northwestern Ohio benefited from the canal.

At the various centers along the route were erected large store-houses for the reception of the agricultural products which were brought to the markets. Grain was bought and handled through the channels, shipped as fast as it accumulated until winter froze the canal over; then the merchants bought and stored in the ware-houses the accumulating purchases of wheat, corn, oats, and pork which were packed during the winter, all to be shipped from the filled up store-houses as soon as navigation opened in the spring. This kept the canal boats busy until well up to the new harvest. From remote counties grain was hauled by wagons to the canal. The farmers of Grant, Madison, and Delaware counties found an outlet for their wheat at Wabash after a long wagon haul. Similarly, the entire northeastern part of the state and even the lower counties in Michigan hauled to Ft. Wayne.[44] Old settlers tell of long trains of wagons waiting by the hour at these rising commercial centers for their turns to unload the products of their farms, bound to the eastern markets. Four hundred wagons unloading in Lafayette during a single day of 1844 were counted by one of the pioneers. Another, speaking of the business at Wabash, says it was a common occurrence to see as many as four or five hundred teams in that place in a single day unloading grain to the canal.

Many towns that suddenly sprang into existence as promising centers have passed with the canal. Lagro, Lewisburg, Georgetown, Carrolton, Americus, Lockport,

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[42] Letter of Jesse L. Williams to Governor Shannon, of Ohio, Jan. 30, 1840; H. S. Tanner, Canals and Railroads of the United States, p. 199.

[43] This plank road ran from Fort Wayne to Sturgis, Mich. Cp. F. Fenwick Coleridge in Indianapolis Press, April 8, 1901.

[44] Stated on the authority of early settlers.

and Pittsburg, once towns of great promise with their prosperous warehouses, are almost forgotten relics of its former influence. Save Lagro, all went down with the ruin of the canal. Other cities, more fortunate, grew up with it and with the coming of the railroads have continued to control the traffic of their respective localities. Ft. Wayne, Huntington, Wabash, Peru, Logansport, Delphi, Lafayette, Covington, and Attica are conspicuous. These, owing their first impetus to the canal, are no less certain monuments of its economic place than are those that exist to-day only in ruins.

A brief statistical analysis of the business of the canal may serve to illustrate further this economic influence. During the years from 1841 to 1846 which represent the period when the canal was beginning to operate a through traffic, the Lake Erie commerce nearly doubled in volume,[45] and the rapid development in Indiana and Ohio along the canal contributed its quota to this increase. The business of the canal entering Toledo in 1850 is put down by a traveler over this route as 184,400 tons with an increase to 250,000 tons the following year.[46] Agricultural products made a large part of the east bound freight. The canal carried into Toledo during 1851, 1,639,744 bushels of wheat, 242,677 barrels of flour, and 2,775,149 bushels of corn,[47] while it carried back as one item 88,191 barrels of salt.[48] The freight traffic continued to increase until it reached its maximum in 1856 of 308,667 tons, from which time it gradually declined during a period of nearly 20 years.[49]

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[45] Andrews, Report on Colonial and Lake Trade, 1854, p. 4.
[46] John Reynolds, Sketches of the Country on the Northern Route, 1854, p. 111.
[47] Andrews, Report on Colonial and Lake Trade, pp. 56 ff.
[48] For 1853, see Report of Trustees, 1853, p. 328.
[49] Brief summary of canal traffic for years immediately succeeding 1854 follows:

| | | |
|---|---|---|
| 1855 | 252,152 | tons. |
| 1856 | 308,667 | " |
| 1857 | 149,473 | " |
| 1858 | 200,472 | " |
| 1859 | 137,819 | " |

At the same time the shipping on the Erie canal from Canada and the western states increased enormously, showing the unmistakable influence of the western canals. In 1840 the Erie canal carried 157,801 tons of western products out of Buffalo. Eighty-five per cent. of this was from agricultural products and 13 per cent. from the forests. By 1846 this total amount had increased more than threefold, being 506,830 tons. Six years later when the western canal commerce was at its highest, the total western traffic of the Erie canal was 1,151,958 tons.[80] Sixty-eight per cent. of this or 778,818 tons were agricultural products while 29 per cent. or 336,893 tons came from the forests.[81]

Again, by tracing the interior east-bound commerce of the Erie canal farther inland, it becomes easy to make complete the chain of transportation that prevailed in this period. Toledo sent to Buffalo annually 19 per cent. of the flour, 22 per cent. of the wheat and 32 per cent. of the corn which that port received from all western ports.[82] Toledo, in turn, received the greater part of its agricultural trade from the Wabash and Erie canal and from the lower part of the Maumee canal which together formed one system. The region which it traversed was regarded at that time as the best grain belt of the Northwest.[83] The re-

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[80] During 1852, the western trade of the Erie canal was 70 per cent of its total tonnage to tidewater.

[81] The change in the proportion of these products in 12 years is significant of the fact that the railroads were beginning to divert from the canal the more valuable products of the farm, leaving bulky forest products for the canal. See Statistics of Erie Canal, pp. 412-413, U. S. Ex. Doc., 2d Sess., 48th Cong., Vol. 20; Poor's Railroad Manual, 1875-6, p. 810.

[82] Table showing the chief ports contributing to the trade of the Erie canal, with amount in some leading products for each, during 1851:

| | Flour in bbls. | Wheat in bus. | Corn in bus. |
|---|---|---|---|
| Cleveland | 360,059 | 673,403 | 458,502 |
| Toledo | 218,219 | 802,564 | 1,828,502 |
| Detroit | 270,551 | 512,758 | 223,204 |
| Chicago | 53,151 | 315,598 | 2,351,888 |

[83] Andrews, Report on Colonial and Lake Trade, p. 319.

lation of the Erie canal as an outlet for Toledo commerce is apparent from the statement that of a total export trade from Toledo of 242,677 barrels of flour, 218,219 barrels were shipped to New York by the Erie canal; of 1,639,744 bushels of wheat 802,564 bushels went by the same route; and of 2,775,149 bushels of corn 1,828,502 bushels followed the waterway across New York.[54] Thus a direct channel for the products of the Wabash and Maumee valleys was established.[55] While the canals were immensely stimulating the business of the state and encouraging immigration, this very enlargement of the volume of traffic, in turn, called for a more general and rapid system of transportation. As a direct result there grew up a railroad system which ruined the canals.[56]

The Wabash and Erie canal had another competitor. It has been estimated that from 1200 to 1500 flatboats descended the Wabash and White rivers bound for New Orleans in one year before the canal was constructed.[57] The flatboats gave way in time to the river steamboats able to carry loads on both up and down trips.[58] The early policy of the state had been to make this river trade a part of a great trade route from New York to New Orleans,[59] but the extension of the canal to Evansville elim-

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[54] This for 1851; see Andrews, Report of Colonial and Lake Trade, p. 56.

[55] The rapid development of the Wabash and Maumee valleys is illustrated by the course of Toledo trade:

| | Wheat in bus. | Flour in bbls. | Corn in bus. |
|---|---|---|---|
| 1840 | 85,000 | 51,000 | ..... |
| 1841 | 127,898 | 45,781 | ..... |
| 1842 | 116,730 | 37,280 | ..... |
| 1846 | 810,963 | 164,689 | 1,159,315 |
| 1851 | 1,639,744 | 242,677 | 2,775,149 |

[56] Annual Report of Trustees, 1867-8, p. 10.

[57] Niles' Register, May 14, 1831, Vol. 40, p. 183; Lafayette Free Press, July 3, 1835.

[58] Henry Ellsworth, Valley of the Upper Wabash, p. 5.

[59] Senate Doc., 27th Cong., 2nd Sess., No. 112; Ex. Doc., 1st Sess., 27th Cong., Vol. 3, No. 155; Senate Doc., 23rd Cong., 1st Sess., No. 76; Session Laws, 1824, Act Jan. 31, 1824; ibid., 1832, Ch. CLXXXVIII, p. 275; ibid., Act of Feb. 1, 1835.

inated the Wabash river as a part of the route entirely. The canal from Terre Haute to Evansville, however, proved a failure, and its place was speedily taken by the Evansville and Terre Haute railroad. Above Terre Haute the river trade was gradually diverted to the canal and carried in the opposite direction. In 1836 the cheapest freight route from New York into southern Indiana was by New Orleans and the rivers.[80] The canal boards adjusted their tolls so as to meet the river rates. Large reductions were made and proportionate through-rates were negotiated with the Ohio and Erie canals. These efforts were successful, and by 1847 the total receipts at Albany had surpassed those received at New Orleans, and gradually this difference increased.[81] This means that the interior states were seeking their outlet to New York instead of New Orleans, and is significant as one step in turning the business interests of Illinois, Indiana, and Ohio toward the North and East. That is, with the turning of commerce from the Wabash river, the last cord binding Indiana economically to the southwest was severed. Like changes were going on in other states of the Northwest; the canals of Ohio and Illinois reversed the direction of their trade. A careful observer and competent authority on routes of transportation stated in 1852 that there was at that time no competition with the routes by the lakes and New York. Most of the business of the central and northern portions of Indiana went northeastward to the lakes, and the effect was to seriously impair the Philadelphia and Baltimore trade.[82] The state looked to Toledo, Buffalo, and New York rather than

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[80] It was found that pork could be shipped from Lafayette, Indiana, to New York via the rivers and ocean for $10.00 per ton, whereas the canal rates were $12.00. Similarly, a Boston merchant shipped duplicate orders, one by the canals and the other by the ocean and rivers, and reported the cost of the latter at 50 per cent less. The Lafayette Daily Courier, Jan. 19, 1850; Report of Trustees, 1849, p. 260; ibid., 1850, p. 144; ibid., 1853, p. 6; Peck, J. M., Guide for Emigrants, Boston, 1836.

[81] Report of Trustees, 1849, p. 261; ibid., 1856, p. 286.

[82] Letters of Prof. Ed. D. Mansfield, pamphlet, Phil., 1853.

Cincinnati, Pittsburg, Baltimore, and Philadelphia as in the earlier years of the state's history.[83] "The course of trade for productions of that sort is tending more and more to the northeast" wrote another authority.[84] New York owes its predominance as a trade center to this movement which was going on within the Northwest.

A similar revolution took place within the individual states of this group, making them face to the north rather than the south in industrial structure as well as in business interests. In 1830 five-sixths of the population of Indiana was in the southern portion along the Ohio valley and on the lower Wabash. By 1840 the frontier had been pushed northward all along the line and particularly up the Wabash valley. Ten years later shows a more equal distribution of population over the state, so that the density in the region fed by the canal is about as much as the older south portions. The map of 1860 shows a population on the Wabash of 45-90 per square mile while along the Ohio it is but 18-45. This movement in the density of the population to the north is graphically shown in the census atlas of 1870.[85]

At the outset Virginia and Kentucky immigrants entered the state from the south, and settled along the southern valleys, regarding the northern portion of the state as a sort of "terminating point of habitancy."[86] But with

[83] Curiously enough Cincinnati continued to send merchandise into the Wabash valley by the quite indirect route of the Miami canal and from that into the Wabash canal at the junction. Estimating from the tolls paid to the canal in 1851, 69 per cent of the west-bound freight came from Toledo, 19 per cent from Cincinnati and 11 per cent from local trade; for 1852 these proportions are 77, 15, and 8 per cent, respectively; for 1853 they continue to show a decrease of the Cincinnati imports, being 83, 11, and 6 per cent. Reports of Engineer, 1851, p. 368; 1853, p. 830.

[84] Andrews, Report on Colonial and Lake Trade, p. 146; Cp. James L. Barton, A Brief Sketch of the Commerce of the Lakes, p. 80.

[85] Statistical Atlas U. S. Census, 1870, plates XVI and XVI (a).

[86] Timothy Flint, History and Geography of Mississippi Valley, Cincinnati, 1833; Geo. W. Ogden, Letters from the West, pp. 64-5, New Bedford, 1823; Steele's Western Guide Book and Emigrants' Directory, pp. 68-69. Cp. Census Atlas, 1890, plates 25-30.

the opening of the north of the state to settlement by Indian treaties and under the encouragement offered to agriculture by the facilities for exportation to the eastern markets, the population had increased so rapidly as to change the character of the state quite radically. With a population to a large extent from the northeast and with markets in that direction, the business and political interests became closely knit with those of the North and East.

Of more than usual political significance were several attempts to secure a southeastern outlet for the states north of the Ohio river. The Chesapeake and Ohio canal was the eastern section of such work. Never completed beyond Cumberland, Maryland, it failed materially to affect the states of the Northwest. Its early extension westward as planned, pushing across the mountains by a railroad and connecting with the Ohio river, as the Baltimore and Ohio railroad did later, might possibly have retained for Virginia the advantage with which it started.[67] Another plan of less promise was a Cincinnati-Charleston railroad. Citizens of both cities strongly supported the project, and the governors of three states gave it their formal approval.[68] It was advocated as the shortest and most direct route to the seaboard.[69] The James river canal was also regarded by its projectors as a possible competitor with the Erie canal for western trade, but like the Chesapeake and Ohio it lacked the connections at the western terminus which the Great Lakes gave to the Erie canal. Such projects have their political significance. Had they been successfully carried out, pouring settlers into the

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[67] North American Review, Vol. 24, p. 1; Ward, Chesapeake and Ohio Canal Project, Johns Hopkins University Studies, Seventeenth Series.

[68] Lafayette Free Press, Dec. 18, 1835; Message of Governor Noble, Indiana, Dec. 1835; Governor Swain, of South Carolina, Message, Dec., 1835.

[69] This movement culminated in 1869 as the Cincinnati Southern Railway, a municipal enterprise of Cincinnati. Dr. J. H. Hollander, The Cincinnati Southern Railway, Johns Hopkins University Studies, Twelfth Series.

Northwest from the southeastern states, men bound by business interests and political and social habits to the South, the course of history in Indiana and Illinois particularly must have been quite different."[70] To make clear the meaning of this statement it is necessary to recall the severe struggle between the pro-slavery and anti-slavery factions immediately preceding the admission of Indiana.[71] With a strong slavery party already on the ground, such an economic connection as was contemplated in the southeastern routes must have done much to revive the earlier issue, and if not to make slavery an issue for Indiana itself, to have made it, at least, a "border state."

This speculation would be barren were it not for the emphasis which it throws on the influence of the canal as a strong political and economic factor in commonwealth building. In this respect the place of the Wabash and Erie canal in western history was to induce immigration from the northern states and Europe into its territory and give it the sectional population characteristic of other parts of the Northwest.

The Ohio river and the National road were important routes for southern and central Indiana. Short lines of railroad like the Madison and Indianapolis and the Evansville and Terre Haute were also early built to supplement them. The Ohio river drew off most of the trade of southern Indiana outside of the Wabash valley, only to let it be diverted away, in large part, to the Ohio canals at Cincinnati and Portsmouth; though as the railroad became established across Pennsylvania there was a growing tendency to ship by the Ohio river as far as Pittsburg. The National road penetrated the state from near the middle of its eastern boundary and running through Indianapolis

[70] As another illustration of the manner in which a single line of transportation can shift the business of a section, compare the recent developments of the Chesapeake and Ohio railroad traffic to Newport News, Virginia.

[71] For a discussion of slavery in Indiana, see Dunn, "Indiana: A Redemption from Slavery."

crossed the state. Its greatest service was in facilitating the overland travel of immigrants, serving as a great mail route, and as a great highway for local purposes. The other routes furnished so much cheaper cost for long distance hauls that the road could not be regarded as a competitor."[73]

For a new country to find markets for its surplus products means to improve very greatly conditions of living. Such an event makes possible thrift, progress, and a degree of culture as opposed to indolence, stagnation, and rude frontier civilization. Every pound of lard that the canal carried away brought back increased comforts and luxuries from the east for the settlers. Viewed in this light, a line of transportation becomes a civilizing agent of inestimable value to a community.

In common with all lines of transportation, the Wabash and Erie canal contributed its part toward the equalization of prices. At Vincennes and Cincinnati during the earliest years of western occupation, 1816 to 1820, wheat sold for 37 cents and corn for 10 cents per bushel, while imported articles were proportionately dear, coffee being rated at 37½ to 50 cents per pound, sugar 25 to 37½ cents per pound, iron at 16 cents, and salt at $10.00 per barrel."[74] And as late as 1840 the farmers of Delphi, Indiana were hauling their wheat to Michigan City and selling it for 45 cents a bushel and paying 9 dollars for a barrel of salt, but in less than two years, when the canal had reached that place, the same farmers obtained 1 dollar a bushel for their wheat and bought salt for less than 4 dollars a barrel."[74] Illustrations might readily be multiplied.

[73] Letters of Prof. E. D. Mansfield, pp. 9-10; A Summer Journey in the West, pp. 78-84; The Central Water Line, Richmond, 1868; Timothy Pitkin, A Statistical View of the Commerce of the United States, p. 534.

[73] David Thomas, Travel through the Western Country, Auburn, N. Y., 1819; The Central Water Line, Richmond, Va., 1868.

[74] Stated on the authority of old settlers who lived near Delphi at the time.

A canal to-day could scarcely be regarded as a socializing force, yet this is one of the services legitimately attributed to that institution. The boats used on the canal were owned entirely by private parties, paying toll for the privilege of using it. Such companies operated daily lines of packet and passenger boats. These packets, judged by our standards, were small and without any equipment for the comfort of the passengers.[75] Yet, in those days they talked of the superior accommodations upon their splendid lines of boats. "The boats are new, fitted up with great neatness and taste, fare low and commanded by the cleverest fellows in the world. What more could a fastidious public require? It is well worth while to make a trip to Cincinnati or Toledo just to enjoy the luxury of a passage in these boats." So ran the contemporary accounts of canal travel.[76] Travelers usually provided themselves with books and tobacco.[77] At stopping points they got off and walked on until overtaken. The packet boats ran at the rate of eight miles an hour. In 1844 the trip from Toledo to Lafayette, about 242 miles, was scheduled for 56 hours.[78] Such leisurely traveling was so much swifter and more comfortable than the slow going wagons over the rough roads, which was most often the alternative offered to the traveler, that he became jubilant in his descriptions of the canal packet.[79] The arrival of a passenger boat in a town was an occasion of great excitement. Everybody who could went to meet the boat. Its passengers were the news bearers. The villagers eagerly inquired the news or chatted sociably with them.[80]

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[75] J. R. Beste, The Wabash, Vol. II, pp. 191-221; Knapp, History of the Maumee Valley, pp. 345-6.

[76] Fort Wayne Times and People's Press, Aug. 30, 1845.

[77] J. R. Beste, The Wabash, Vol. II, pp. 191-221. This is a graphic and entertaining account of a journey of an English gentleman's family from Terre Haute to Toledo, and forms one of the best contemporary descriptions of packet boats and canal travel.

[78] Fort Wayne Times and Press, Oct. 21, 1847.

[79] Knapp, History of the Maumee Valley, p. 345; Valley of the Upper Maumee, Vol. II, p. 18.

[80] A comparison between canal passenger fares and modern railroad rates shows a close similarity. The advertised fare from

Equally has the Wabash trade route promoted the economic development of the Northwest, affected the political life of the people, improved their social conditions, socializing the communities through which it ran, and assisted in the nationalization of the regions it penetrated. The cosmopolitan character of the population, brought in because of the opportunities made possible by the canal, destroyed the natural tendency to provincialism and enabled the inhabitants to realize the ties which bound them to the other commonwealths of the union; that interstate canals, railroads and natural waterways played no small part in creating the American nation instead of an American league is now almost a truism.

For a period from 1843 to 1856, the canal was recognized as a part of the great national military highway between New York and New Orleans.[a] Its completion was the realization of a greatly cherished military plan to connect by water the Gulf of Mexico and the Gulf of St. Lawrence and by the Erie canal to join the former to the Atlantic ocean.[b] In its slightly narrower sphere, though no less important when the smaller scale of all affairs in the earlier period be considered, this waterway must take a place as exerting an influence not dissimilar to that of the Pacific railroad. Both alike promoted the development of a large territory and both strengthened the national spirit.

In conclusion it may be said that the influence of the Wabash trade route does not end with the fall of the canal. The Wabash railroad is its economic successor and continues to exert a similar influence. More recently steps have been taken to construct an electric railroad along the old tow-path, and at present writing there is a good

Fort Wayne to Toledo, about 104 miles, was $3.25; from Fort Wayne to Lafayette, 138 miles, the fare was $3.75; from Fort Wayne to Cincinnati, 221 miles, it was $6.75. See Fort Wayne Times and People's Press, Oct. 21, 1847.

[a] Ex. Doc., 1 Sess., 28 Cong., Vol. IV, No. 134.

[b] Henry Ellsworth, Valley of the Upper Wabash.